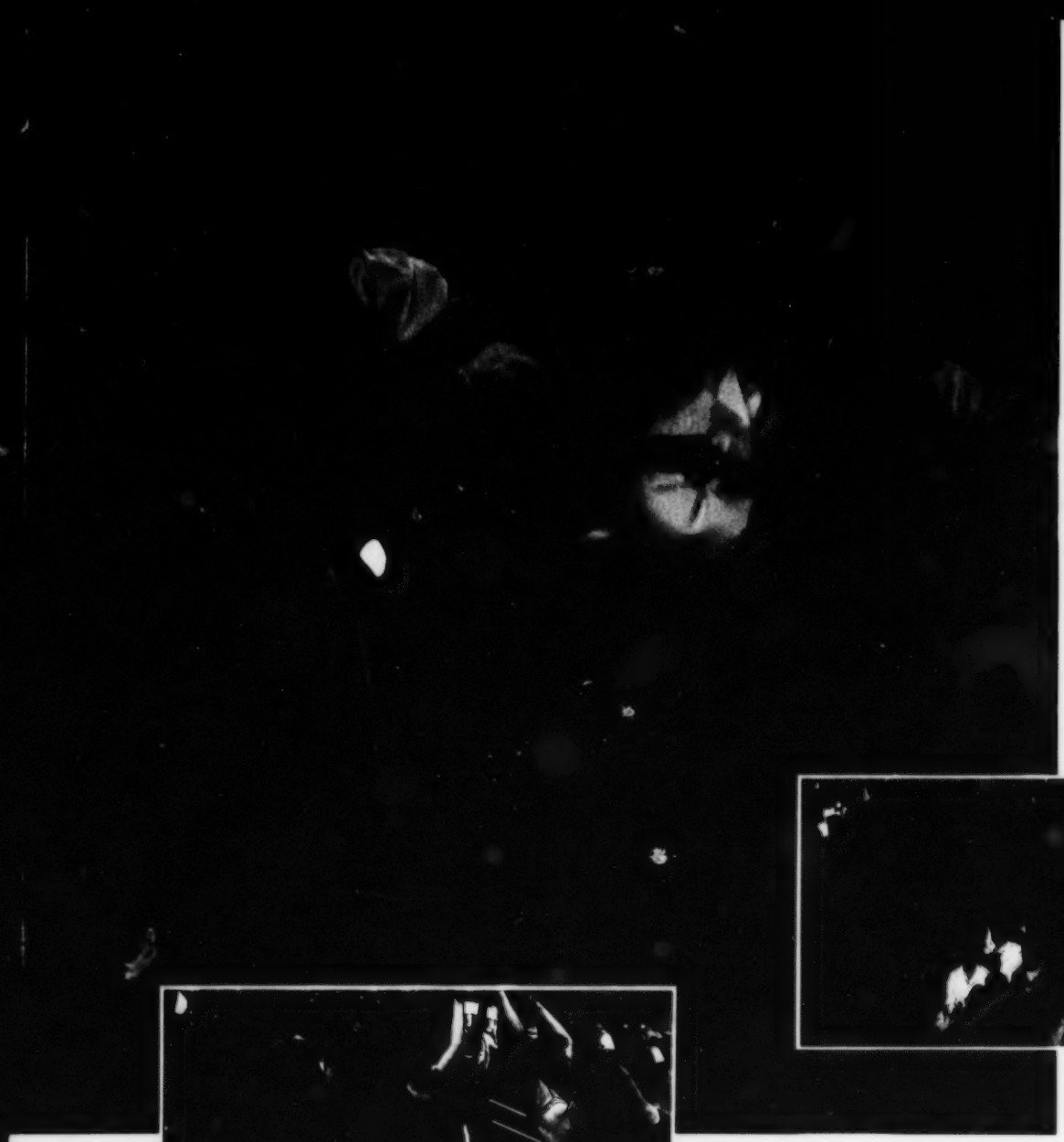

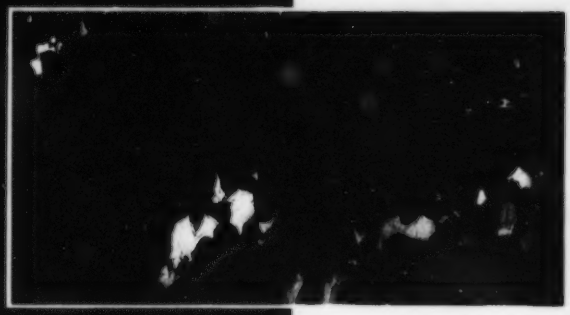

City of Saint John

Financial Statements 1988

CITY OF SAINT JOHN

NEW BRUNSWICK

FINANCIAL STATEMENTS

DECEMBER 31st, 1988

1988

CITY OF SAINT JOHN

ELECTED OFFICIALS

Her Worship, Elsie E. Wayne, Mayor

Arthur Gould, Deputy Mayor

Samuel Davis, Councillor

Edis A. Flewwelling, Councillor

Dennis R. Knibb, Councillor

J. A. MacDougall, Councillor

Kathy Rogers, Councillor

John Schermerhorn, Councillor

Marlene Vaughan, Councillor

Albert A. Vincent, Councillor

M. A. Vincent, Councillor

CITY OF SAINT JOHN

SENIOR OFFICIALS

AS OF DECEMBER 31, 1988

City Manager	G. Taylor, B. of Comm., M.B.A.
Deputy City Manager	N. Barfoot, BEC Eng.
Assistant City Manager, Operations	C. Robichaud, B.Sc., Civil Eng.
Assistant City Manager, Development	J. Brown, B.S.Sc., M.C.I.P.
Common Clerk	M. Munford
City Solicitor	F. Rodgers, B.B.A., N.B.C.L.
Commissioner of Finance	D. Wilson, B. of Comm., C.A.
Commissioner of Human Resources	P. Groody, P. Eng., M.I.R.
Police Chief	D. Sherwood
Fire Chief	R. McDevitt

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(c) The Power Commission of the City of Saint John

(d) Saint John Transit Commission

(e) Saint John Aquatic Centre Commission

(f) Saint John Parking Commission

(g) Saint John Non Profit Housing Incorporated

(h) The Market Square Corporation

(i) Saint John Industrial Parks Ltd.

(j) The City of Saint John Pension Fund

1988

OPERATING HIGHLIGHTS OF

THE GENERAL FUND &

THE WATER & SEWERAGE UTILITY

GENERAL FUND

In 1988 the General Fund reported a surplus of $459,082. The fact that this has been accomplished when a significant unanticipated expenditure was incurred with respect to the World Chess Festival, is due to many factors which are explained within this report.

OPERATING HIGHLIGHTS

Revenue

The total revenue received by the General Fund amounted to $74,901,701, an excess of $342,939 over the amount budgeted. This increase is due to a number of factors of which two are of particular significance.

Firstly, revenue received from licenses and permits amounted to $703,312, an increase of $114,612 over the amount budgeted. Much of the efforts of our municipality in recent years have been directed at encouraging and supporting both residential and commercial development. In 1988, the value of building permits issued amounted to $86.7 million, up by almost $20 million from the preceding year. Indeed, the $86.7 million represents the highest level of construction activity in our community in the past decade. In the residential sector, permits were issued for 348 dwelling units and the City experienced continued development at Cedar Point, Mahogany Heights, Glenwood Park and on the east side, significant developments have begun in the area of the Simonds High School. In the commercial sector, major facility expansions associated with the Frigate Program, the expansion of Lantic Sugar and the McAllister Mall have all contributed to this banner year.

As indicated, the fact that this boom has generated additional revenue of $114,612 is of major significance for 1988. However, more importantly, is that it clearly demonstrates that the previous efforts of the City are now having a direct affect on the City's finances and that the $86.7 million of construction value will be part of the City's tax base in 1989 and beyond.

Secondly, revenue earned, as a result of the City's activities in the area of parking, substantially exceeded budget. In total, revenue received from motor vehicle and parking meter violations and the Market Square Parking Garage amounted to $1,963,571, an increase of $154,671 over the amount included in the budget. Consistent enforcement of the Parking Meter By-law by the Corps of Commissionaires under the direction of the Saint John Parking Commission and increased enforcement of the Traffic By-law and Motor Vehicle Act by the Police Department are partially credited with these results. However, included in the above is an unexpected $42,000 generated from parking meters and an additional $64,000 received from the Market Square Parking Garage. Although increased enforcement does have some bearing, we believe that past Council decisions to spend substantial funds to effect revitalization in the area, are resulting in citizens continuing to come to the downtown core. The City's financial results with respect to its parking activities, as well as those of the Saint John Parking Commission, indicate increased activity in the downtown core.

In addition to these two areas, a number of other revenue sources exceeded budget. Revenue received from the sale of used vehicles exceeded budget by $83,649 and revenue earned from tipping charges at the landfill site were up by $34,527, primarily as a result of rate increases.

Expenditures

The General Fund of the City of Saint John has an expenditure base of roughly $74.5 million. It is important to realize that the scope of expenditures and indeed the activities of a municipality are far broader than many other institutions and commercial enterprises. Not only does this municipality maintain roads and streets, provide police and fire protection and maintain the City's green areas, it promotes economic development, provides assistance to non-profit groups, encourages special events and is involved in a whole array of other activities. For this reason, it is anticipated that there are going to be a number of areas that for one reason or another, are going to exceed original budget estimates or be less than originally planned.

There were a number of departments or programs that were underexpended in 1988. The Police Department was underexpended by $147,130 due largely to a reduction in vehicle maintenance costs, a delay in the implementation of its civilianization program and problems encountered in recruiting qualified candidates on a timely basis. Funds budgeted for Roads and Streets were underexpended by $222,525 due to lower than anticipated fuel and maintenance costs and reduced labor costs resulting from favourable weather conditions during the last quarter.

Within the first two months of the year, it was clear that the City's involvement with the World Chess Festival was going to result in a significant unbudgeted expenditure in 1988. By the end of the third month, the festival's loss was established and actions were taken to ensure that this loss would not result in a General Fund deficit at year end. Department Heads were advised that as underexpenditures occurred in any given month, they were not to utilize these underexpenditures to fund new or additional programs. The result was that all managers were well informed of this particular budgetary problem and, where possible, action was

taken with respect to discretionary items that would have no visible effect on the service they were providing to citizens. Within most departmental budgets, there are numerous examples of underexpenditures in travel, stationery, fixed assets and in many other single line items.

Vacancies within the administration also had a significant impact in 1989. While a vacancy allowance is contained within the budget, it is based on a rather short delay in filling positions. While this did occur, there were some positions that were vacant for extended periods, most notably the City Manager, Chief Accountant, two design engineering positions, Director of Public Relations and a mechanics position. Underexpenditures in labour costs and fringe benefits associated with these vacancies alone amounted to approximately $200,000.

There were also underexpenditures in a number of areas not directly under the control of the administration. For example, the Saint John Aquatic Centre was underexpended by $39,455 because of increased usage of the facility. The City's share of ambulance service costs was $70,531 less than budget due to increased revenues, wage costs being less than budget and the fact that funds provided for an ambulance were not utilized. The City's cost of public liability insurance was $55,857 less than budget because insurance premiums and claims were less than budget. The cost of occupying the City Hall building was $97,718 less than anticipated. Finally, it should be noted that funds budgeted for Port Promotion were underspent by $141,781. The 1988 budget was established based on a contemplated arrangement with the Saint John Port Corporation for marketing initiatives, but this arrangement was not finalized by year-end.

As a result of the substantial underexpenditure that occurred in those areas previously mentioned, the City has been able to take a significant step to more adequately provide for its ever-increasing liability for earned Retirement Allowances.

All City employees, at the time of retirement, are entitled to one month's salary for every five years service, to a maximum of six months' salary. Until 1985 , the City had not reflected any of this liability in its records. During that year financial conditions were such that for the first time the City was able to record its liability to employees whose age plus years of service totalled eighty-five. While it was acknowledged that there still existed an unrecorded liability to those employees who did not have the combined total of eighty-five, it was a start in recognizing this liability.

This year, the City has been able to increase its provision for this liability by $621,000. The accounts of the General Fund now reflect its total liability to every employee who has twenty-five years of service. This fact that this is now recorded will eliminate many budget variations in future years as these employees retire.

The entire issue of when and how to record such liabilities is one which will gain greater prominence in the next few years. In Saint John the issue is retirement allowance, while in other municipalities it is the payout of unused sick leave benefits. Most municipalities in the Province have yet to record these liabilities and are only now becoming aware of the stress that such a policy will have on future budgets and tax rates. Ultimately, the amounts are going to have to be paid and to the benefit of future taxpayers the City has already provided for a significant portion of this liability.

As indicated, there were also departments and programs that exceeded original budget. The most significant is the Fire Department which exceeded budget by $306,259. Of this amount, $267,000 is attributable to the recording of the retirement allowance payable to many firemen, with the balance being attributed to the wage settlement with Local 771 and, to a lesser extent, costs associated with the constant manning provisions.

Costs associated with maintaining our Parks and Playgrounds exceeded budget by $80,295. Most of this overexpenditure resulted from additional labour costs assigned to ensure that our green spaces were kept in proper condition.

In summary, total expenditures of the General Fund amounted to $74,442,619 which is $116,143 less than the amount originally budgeted. When compared to the preceding year, actual expenditures increased by five percent. However, when the World Chess Festival figure and the additional allowance for retirement pay, are removed from the expenditure base, the actual expenditure increase in all other areas is less than 3.8% over the 1987 expenditure level. Given that 1988 wage settlements approximated 4.9% in 1988 and the rate of inflation was 4.1%, we believe that the results are indicative of increased efficiencies now inherent within the City's operations.

Capital Debt

The City has been able to reduce its debenture and other long term debt from $35,337,725 in 1987 to $34,570,345 at the end of 1988. In clearer terms, the outstanding debt for each citizen of the City has been reduced from $462 to $452 during this past year. During a time when most governments are being criticized for an ever-increasing debt load, the fact that the City of Saint John has been able to actually reduce its debt load, is a truly significant accomplishment.

During 1988 the General Fund had to finance $6,050,000 for capital work done in 1987. Of this amount $1,750,000 was financed by tax revenues earned in the current year and the balance of $4,300,000 was financed by way of a bond issue. It should be noted that the actual amount of funds expended on interest and principal payments in 1988 amounted to 12.6% of total expenditures. In comparison, only three years ago, that same figure was 15.6%.

In conclusion, the financial results of 1988 continue to reflect a positive trend in a number of key areas. They are evidence that many of the initiatives began three and four years ago are now having a direct result on the financial operations of the City and indeed will allow the City increased flexibility in dealing with the financial pressures that lie ahead.

WATER & SEWERAGE UTILITY

The financial results of the Water & Sewerage Utility indicate that revenue exceeded expenditures by $155,093 in 1988. This result has eliminated the accumulated deficit of $68,198 that existed at the end of 1987 and created an accumulated surplus position of $86,895. This is the first time since 1984 that the Utility is in an accumulated surplus position. At the end of 1985, the Utility had an accumulated deficit of $188,425 and in years 1986, 1987 and 1988 this deficit has been systematically eliminated to the point where future rate increases will no longer be required to make up for short-falls of preceding years.

The operations of the Utility are far less diverse than those of the General Fund. Nevertheless, there are a few finanical highlights we wish to draw to the attention of Council.

Firstly, total revenue from customers amounted to $9,102,868 compared to the budget of $8,820,815. The unanticipated revenue amounts to three percent of the total revenue received from customers and is due to a number of factors. As indicated in the highlights of the General Fund, there was increased development activity in the City in 1988. This resulted in the Water & Sewerage Utility experiencing an increase in the number of flat rate customers from 12,035 to 12,210, and the number of metered customers from 2,257 to 2,273. In addition a slight consumption increase was reported for many of our existing commercial and industrial customers.

Secondly, total operating expenditures of the Utility amounted to $7,926,537, or $90,967 more than budget. In many of the individual accounts there are variations from the budgeted amounts, but the primary reason for the total overexpenditure is that $107,000 for the repair of the Hazen Creek Plant was written off against 1988 operations. Council will recall that they were advised of this in August of 1988.

Finally, the budget for interest on short-term debt was underspent by $258,256. This is due primarily to the increased amount of funds the Utility had available to it early in the year as a result of the one-time payment plan. This plan, although it does reduce our short-term interest, does have a cost associated with it as indicated by a $114,556 figure recorded on the financial statements.

The increased revenue as well as the underexpenditure in short-term interest, has made it possible for the Utility to finance from current operations, $206,859 of capital work for which it had planned to borrow funds in 1989. This is the first time that the Utility has been able to take such an action and it is hoped that it will be possible to continue this program in future years.

THE CITY OF SAINT JOHN

GENERAL FUND

1988 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN
GENERAL FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1988

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

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Saint John New Brunswick
Canada E2L 4B9

telephone (506) 632-1810
telecopier (506) 632-8997

a member firm of
Coopers & Lybrand (International)

February 24, 1989

AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF
COMMON COUNCIL OF THE CITY OF SAINT JOHN

We have examined the Operating Fund Balance Sheet, Capital and Loan Fund Balance Sheet and Sinking Fund, Reserve and Trust Funds Balance Sheet of The City of Saint John General Fund as at December 31, 1988 and the related Statements of Revenue and Expenses and Equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the General Fund of the City as at December 31, 1988 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Coleman
J D Craig
H R Tobby
P Wishaw
L G Wilson

THE CITY OF SAINT JOHN
GENERAL FUND

OPERATING FUND BALANCE SHEET AS AT DECEMBER 31, 1988

A S S E T S

	1988 $	1987 $
Cash and short-term deposits	34,725	2,761,024
Accounts receivable	482,590	472,182
Due from associated entities		
Water and Sewerage Utility - Operating Fund	1,406,689	1,515,953
- Capital and Loan Fund	992,564	856,485
Saint John Transit Commission	4,732	15,541
The Power Commission of the City of Saint John	257,792	188,634
Due from Capital and Loan Fund	7,668,280	7,282,095
Inventory of materials and supplies, at the lower of cost and replacement cost	367,934	340,097
Prepaid expenses	50,000	-
	11,265,306	13,432,011

L I A B I L I T I E S A N D E Q U I T Y

Bank indebtedness	-	844,000
Cheques in circulation	1,675,460	1,078,609
Accounts payable and accrued charges	6,585,383	7,323,051
Debentures matured and payable	42,800	163,800
Interest payable on long-term debt	798,994	853,841
Due to Sinking, Reserve & Trust Funds	100,000	1,228,781
Due to associated entities		
Pension Fund of The City of Saint John	238,533	317,497
Saint John Parking Commission	1,122,957	918,873
Saint John Non Profit Housing Incorporated	-	42,091
Deferred revenue	20,242	44,889
Total liabilities	10,584,369	12,815,432
Equity	680,937	616,579
	11,265,306	13,432,011

SIGNED ON BEHALF OF THE COUNCIL

_____
Mayor

_____
Chairman
Finance Committee

Coopers &Lybrand

THE CITY OF SAINT JOHN
GENERAL FUND

OPERATING FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988 $	1987 $
EQUITY - BEGINNING OF YEAR	616,579	817,998
Add: Excess of revenue over expenses for the year	459,082	221,855
	1,075,661	1,039,853
Deduct: Excess of revenue over expenses - second previous year (note 1)	394,724	423,274
EQUITY - END OF YEAR	680,937	616,579

THE CITY OF SAINT JOHN
GENERAL FUND

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1988

	Page Reference	1988 Budget $	1988 Actual $	1987 Actual $
REVENUE				
Property and business taxes		39,800,738	39,800,738	36,684,583
Unconditional grant - Province of New Brunswick		29,119,800	29,119,800	28,667,193
Sale of goods and services	11	1,661,300	1,646,515	1,740,619
Other revenue from own sources	11	2,790,600	3,046,520	2,547,583
Conditional grants from other governments	11	709,900	766,952	730,967
Miscellaneous revenue		81,700	126,452	111,325
Excess of revenue over expenses - second previous year (note 1)	8	394,724	394,724	423,274
TOTAL REVENUE FOR THE YEAR		74,558,762	74,901,701	70,905,544
EXPENSES				
General government services	12	4,953,849	4,872,810	4,630,642
Protective services	12	25,444,298	25,520,922	24,339,222
Transportation services	13	17,365,960	17,109,306	16,242,715
Environmental health services		1,569,145	1,619,083	1,775,521
Environmental development services	13	7,197,108	7,077,494	6,702,094
Recreational and cultural services	14	7,173,302	7,655,728	6,841,283
Fiscal services	14	10,855,100	10,529,442	10,097,772
Cost shared programs		-	57,834	54,440
TOTAL EXPENSES FOR THE YEAR		74,558,762	74,442,619	70,683,689
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR		-	459,082	221,855

THE CITY OF SAINT JOHN
GENERAL FUND

CAPITAL AND LOAN FUND BALANCE SHEET

AS AT DECEMBER 31, 1988

A S S E T S

	1988 $	1987 $
Due from associated entities		
Saint John Transit Commission	499,330	441,290
Saint John Non Profit Housing Incorporated	449,727	914,121
	949,057	1,355,411
Mortgage receivable	76,500	76,500
Due from Government of Canada	-	168,820
Due from Province of N. B.	-	217,000
Due from Sinking Fund	643,800	669,400
	1,669,357	2,487,131
Investments in shares of wholly owned company, Saint John Industrial Parks Ltd., at cost	994	994
FIXED ASSETS (notes 1 and 2)		
Land, buildings, plant and equipment and engineering structures	147,064,032	138,406,662
	148,734,383	140,894,787

L I A B I L I T I E S A N D E Q U I T Y

Debenture debt (note 2)	30,375,465	30,869,798
Other long-term debt (note 2)		
Canada Mortgage and Housing Corporation	1,534,172	1,670,340
Department of Regional Industrial Expansion	2,624,866	2,754,599
The Government of Canada	33,119	40,174
Municipal Development and Loan Board	2,723	2,814
	34,570,345	35,337,725
Due to Operating Fund	7,668,280	7,282,095
Equity	106,495,758	98,274,967
	148,734,383	140,894,787

THE CITY OF SAINT JOHN
GENERAL FUND

CAPITAL AND LOAN FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988 $	1987 $
EQUITY - BEGINNING OF YEAR	98,274,967	90,462,280
Debt repaid during the year by the Operating Fund		
Debenture debt	4,756,133	4,631,442
Canada Mortgage and Housing Corporation	136,168	167,491
Department of Regional Industrial Expansion	129,733	119,155
The Government of Canada	7,055	6,623
Municipal Development and Loan Board	91	86
	5,029,180	4,924,797
Capital projects financed by the Operating Fund	1,750,000	1,059,514
Contributions in aid of construction Provincial government and agencies	-	276,139
Transfer from other City funds Sinking Fund	-	5,000
Proceeds on land sales in excess of estimated cost (note 1)	62,258	78,798
Fixed assets purchased by the Operating Fund	1,379,353	1,468,439
EQUITY - END OF YEAR	106,495,758	98,274,967

THE CITY OF
GENERAL

SINKING FUND, RESERVE AND

AS AT DECEMBE

	Reserve Funds						Trust Funds									
	Sinking Fund $	Equipment Replacement Fund $	Airspace 2049 Fund $	S.J. N.P.H. Sinking Fund $	Land Sub-Division Fund $	Tucker Fund $	Tucker Fund $	Recreation Development Fund $	Stockford Fund $	O'Connell Fund $	L.R. Ross Fund $	A. Carle Smith Fund $	Bi-Centennial Fund $	S.J.N.P.H. Future Development Fund $	Total 1988 $	Total 1987 $
							A S S E T S									
Cash	28,092	618	-	-	17,006	251	251	624	144	153	135	106	-	-	47,329	41,422
Term deposits	-	346,244	-	666,454	343,600	76,400	76,400	46,414	67,575	35,800	14,650	12,800	505	531,107	2,141,549	763,205
Accrued interest	2,155	3,506	-	5,802	4,623	903	903	1,022	749	451	215	129	59	4,623	24,237	12,649
Marketable securities, at lower of cost and market	60,000	-	44,973	-	36,951	4,000	4,000	21,482	2,000	2,992	2,699	-	-	-	175,097	230,907
Land improvements	-	-	-	-	-	4,784	4,784	-	-	-	-	-	-	-	4,784	4,784
Due from Operating Fund	-	100,000	-	-	-	-	-	-	-	-	-	-	-	-	100,000	1,228,781
	90,247	450,368	44,973	672,256	402,180	86,338	86,338	69,542	70,468	39,396	17,699	13,035	564	535,730	2,492,796	2,281,748
							L I A B I L I T Y A N D E Q U I T Y									
Due to Capital and Loan Fund	75,000	-	-	568,800	-	-	-	-	-	-	-	-	-	-	643,800	669,400
Equity	15,247	450,368	44,973	103,456	402,180	86,338	86,338	69,542	70,468	39,396	17,699	13,035	564	535,730	1,848,996	1,612,348
	90,247	450,368	44,973	672,256	402,180	86,338	86,338	69,542	70,468	39,396	17,699	13,035	564	535,730	2,492,796	2,281,748

CITY OF SAINT JOHN
GENERAL FUND

ERVE AND TRUST FUNDS BALANCE SHEET

DECEMBER 31, 1988

Coopers
&Lybrand

THE CITY OF S
GENERAL

SINKING FUND, RESERV

STATEMENT OF CHANG

FOR THE YEAR ENDED D

	Reserve Funds						
	Sinking Fund $	Equipment Replacement Fund $	Airspace 2049 Fund $	S.J. N.P.H. Sinking Fund $	Land Sub-Division Fund $	Tucker Fund $	R De
INCREASES IN EQUITY:							
Interest	6,188	30,161	-	59,475	32,696	6,998	
Increase in value of securities	-	-	4,191	-	-	-	
Transfer from Operating Fund	-	100,000	-	-	-	-	
Contributions from subdividers	-	-	-	-	17,210	-	
	6,188	130,161	4,191	59,475	49,906	6,998	
DECREASE IN EQUITY							
Transfers to Operating Fund	-	-	-	74,679	-	-	
Decline in value of Securities	-	-	-	-	-	-	
Purchase of Equipment	-	-	-	-	-	-	
	-	-	-	74,679	-	-	
INCREASE (DECREASE) IN EQUITY DURING THE YEAR	6,188	130,161	4,191	(15,204)	49,906	6,998	
EQUITY - BEGINNING OF YEAR	9,059	320,207	40,782	118,660	352,274	79,340	
EQUITY - END OF YEAR	15,247	450,368	44,973	103,456	402,180	86,338	

RESERVE AND TRUST FUNDS

OF CHANGES IN EQUITY

NDED DECEMBER 31, 1988

	Trust Funds								
ker nd $	Recreation Development Fund $	Stockford Fund $	O'Connell Fund $	L.R. Ross Fund $	A. Carle Smith Fund $	Bi-Centennial Fund $	S.J.N.P.H. Future Development Fund $	Total 1988 $	Total 1987 $
998	6,043	6,117	3,378	1,545	1,098	51	43,191	196,941	166,365
	-	-	-	-	-	-	-	4,191	-
	-	-	-	-	-	-	-	100,000	767,949
	-	-	-	-	-	-	-	17,210	14,174
998	6,043	6,117	3,378	1,545	1,098	51	43,191	318,342	948,488
	-	-	-	833	-	-	6,182	81,694	91,592
	-	-	-	-	-	-	-	-	1,441
	-	-	-	-	-	-	-	-	81,450
	-	-	-	833	-	-	6,182	81,694	174,483
998	6,043	6,117	3,378	712	1,098	51	37,009	236,648	774,005
340	63,499	64,351	36,018	16,987	11,937	513	498,721	1,612,348	838,343
338	69,542	70,468	39,396	17,669	13,035	564	535,730	1,848,996	1,612,348

THE CITY OF SAINT JOHN
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

1. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The General Fund financial statements of The City of Saint John have been prepared in accordance with the fund basis of accounting. The Operating Fund reflects the City's working capital and results of operations and the Capital and Loan Fund reflects its investment in fixed assets and outstanding long-term debt.

Fixed assets and depreciation

Fixed assets are initially recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to equity in capital assets, except where the asset was acquired under the Urban Renewal Program. In these cases the funds received are netted against the asset cost.

The City does not record depreciation but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets.

Accrual accounting

The City follows the accrual method of accounting for revenue and expenses.

Accounting for second previous year's operating results

Section 89 of the Municipalities Act of New Brunswick requires that the excess of revenue over expense for a fiscal year be included in revenue in the second ensuing year and that similarly, the excess of expense over revenue for a fiscal year be included in expense in the second ensuing year.

2. DEBENTURE AND OTHER LONG-TERM DEBT

The aggregate amount of principal payments required on the General Fund's long-term debt in each of the next five years is as follows:

	$
1989	4,876,000
1990	4,865,000
1991	4,757,000
1992	4,693,000
1993	4,413,000

Fixed assets include $6,641,729 (1987 - $5,463,370) for which financing has not been arranged at the year end.

THE CITY OF SAINT JOHN
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

3. PENSION PLAN

Pension benefits are provided to employees of The City of Saint John under the Saint John City Pension Act, 1970. Employees contribute to the plan, which provides for service pensions based on length of service and rate of pay. The City's contribution limits are fixed by legislation at approximately seven percent of employee earnings. In addition, the City contributes $135,000 per year, to the year 1997 and $86,000 thereafter, in recognition of past service benefits. The City charges to expense its contributions, including the $135,000 on an annual basis.

4. COMMITMENTS

Saint John Transit Commission

During 1979, Saint John Transit Commission was created by an Act of the Legislative Assembly of New Brunswick. Under provisions of the Act the Commission has the authority to maintain and operate a public transit system within The City of Saint John, with all operating losses and debt charges being funded by the City. The City of Saint John is also liable for the debentures issued on behalf of the Commission which at December 31, 1988 amounted to $1,675,500 (1987 - $1,501,500).

In 1979, The City of Saint John financed the acquisition of fifteen transit coaches under a capital lease agreement. Under the terms of the agreement, semi-annual lease payments of $70,103 plus provincial sales tax commenced in September of 1979 and will expire on April 1, 1995, unless certain purchase options have been exercised.

Saint John Aquatic Centre

During 1984, Saint John Aquatic Centre Commission was created by an Act of the Legislative Assembly of New Brunswick. Under provisions of the Act the Commission has the authority to maintain and operate the Canada Games Aquatic Centre with all operating losses being funded by the City.

Lease commitments

The City of Saint John's lease on the City Hall building has annual payments of $605,000 until 1992 and $557,000 to the expiry date of the lease in 1995. In addition, the City is responsible for property taxes and operational costs above fixed base amounts.

THE CITY OF SAINT JOHN
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

4. COMMITMENTS - continued

Market Square Central Building Complex - lease agreements

The Central Building Complex of the Market Square Project was opened to the public in May 1983. This complex includes the library, trade and convention centre, parking garage and retail and commercial space. Under the terms of three, sixty-six year leases, The City of Saint John is responsible for the proportionate share of the complex's common area operating expenses, including property taxes, related to the library, trade and convention centre and parking garage.

5. SAINT JOHN TRADE AND CONVENTION CENTRE

The Saint John Trade and Convention Centre is owned by The City of Saint John and operated by Hilton Canada Inc. under a management agreement dated June 1, 1984. According to the terms of this agreement the City is responsible for the operating loss of the Centre.

6. CONTINGENCIES

The City of Saint John is liable for the debentures and other long-term debt issued on behalf of its self-supporting entities; The Water and Sewerage Utility, The Power Commission of The City of Saint John and The Saint John Parking Commission. The total of such debt outstanding at December 31, 1988 was $31,233,000 (1987 - $31,377,000).

7. COMPARATIVE FIGURES

Certain 1987 figures have been reclassified for purposes of comparison.

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF REVENUE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1988

	Budget 1988 $	Actual 1988 $	Actual 1987 $
SALE OF GOODS AND SERVICES			
Protective services			
Fire alarm system	5,800	2,112	5,712
Fire department training school	50,000	31,167	174,328
Rescue squad	10,000	16,050	19,500
Point Lepreau	12,000	12,000	12,000
Garbage collection and disposal	274,500	309,027	225,196
Recreational and cultural	861,000	759,970	778,436
Mechanical and carpentry	275,000	261,218	286,895
Sale of used vehicles	68,000	151,649	149,177
Ambulance service to other municipalities	25,000	26,744	34,010
Administrative service -			
Housing Operations	80,000	76,578	55,365
	1,661,300	1,646,515	1,740,619
OTHER REVENUE FROM OWN SOURCES			
Licenses and permits			
Building	530,000	635,381	366,089
Plumbing	35,000	43,573	32,363
Business and other	23,700	24,358	26,279
	588,700	703,312	424,731
Fines and parking meters			
Parking and traffic violations	527,000	566,587	509,535
Motor vehicle violations	200,000	208,766	204,360
Parking meters	400,000	442,085	404,368
Market Square Parking Garage	681,900	746,133	621,111
	1,808,900	1,963,571	1,739,374
Rentals			
Market	139,000	136,920	141,562
Land and buildings	254,000	242,717	241,916
	393,000	379,637	383,478
	2,790,600	3,046,520	2,547,583
CONDITIONAL GRANTS FROM OTHER GOVERNMENTS			
Federal government and agencies			
Residential Rehabilitation Assistance Program	50,000	70,555	48,220
Canada Assistance Plan	6,000	6,000	-
Other Programs	-	30,146	24,215
Provincial government and agencies			
Transportation services - highways	649,900	655,180	643,665
Economic Development - tourism	4,000	5,071	4,611
Other programs	-	-	10,256
	709,900	766,952	730,967

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1988

GENERAL GOVERNMENT SERVICES	Budget 1988 $	Actual 1988 $	Actual 1987 $
Legislative			
Mayor's office	158,910	154,224	132,600
Council expense	179,500	203,945	177,866
General administrative			
City manager	413,170	364,345	418,423
Common clerk	247,384	280,767	226,559
Human Resources	569,222	536,067	524,312
Public relations	172,090	148,697	127,377
Solicitor	338,131	400,303	384,039
Financial management			
Administration	188,128	194,277	179,176
Accounting	389,000	383,055	369,884
Payroll	130,620	124,446	122,981
Budget control	175,452	175,544	159,514
Billings and collection	147,498	153,063	128,875
Purchasing	210,764	248,016	197,905
Common services			
City Hall building	1,686,100	1,588,382	1,594,324
Data processing services	486,880	458,453	403,257
Other general government services			
Conventions and delegations	10,000	1,140	11,393
Public liability insurance	250,000	194,143	229,791
Grants to community based organizations	101,000	101,000	96,500
	5,853,849	5,709,867	5,484,776
Deduct administrative costs allocated to the Water and Sewerage Utility	(900,000)	(837,057)	(854,134)
	4,953,849	4,872,810	4,630,642
PROTECTIVE SERVICES			
Police protection	11,435,668	11,288,538	10,786,070
Fire protection			
Salaries and other operating costs	10,475,180	10,781,439	10,207,208
Water supply	1,819,800	1,830,325	1,832,641
Emergency measures			
Ambulance	220,000	149,469	210,086
Rescue services	549,000	573,891	530,077
Other protection			
Building inspection	774,650	727,260	610,940
Animal Rescue League	170,000	170,000	162,200
	25,444,298	25,520,922	24,339,222

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1988

TRANSPORTATION SERVICES

	Budget 1988 $	Actual 1988 $	Actual 1987 $
Common services			
Mechanical and carpentry	5,291,172	5,232,481	4,907,143
Less: Charges to other departments	2,406,300	2,237,732	2,047,967
	2,884,872	2,994,749	2,859,176
Administration	331,914	321,483	313,374
Engineering	850,714	808,872	729,623
Supply and Services administration	564,064	581,950	528,941
Road transport			
Roads and streets	6,917,661	6,695,136	6,291,466
Street lighting	650,000	629,082	611,453
Traffic services	345,800	323,817	308,585
Parking	329,735	330,535	294,095
Storm sewer	2,376,200	2,336,803	2,352,597
Public transit (note 4)			
Operating subsidy	1,480,000	1,475,268	1,400,159
Interest expense and capital debt retirement	635,000	611,611	553,246
	17,365,960	17,109,306	16,242,715

ENVIRONMENTAL DEVELOPMENT SERVICES

Administration	127,624	137,046	114,224
Research and planning	778,597	798,663	719,390
Environment and infrastructure	59,099	48,741	59,269
Real estate management	721,250	729,848	628,565
Market Square Corporation	197,000	196,913	213,000
Environment committee	2,000	704	418
Preservation Review Board	28,700	20,052	19,754
Port promotion	285,600	143,819	316,894
Economic Development	183,750	195,470	90,170
Fundy Regional Development	35,000	35,000	71,250
Saint John Trade and Convention Centre (note 5)	431,500	397,622	371,191
Market Square Common Area (note 4)	3,362,100	3,432,867	3,249,478
Tourism and public relations	691,875	636,438	586,489
City market	273,013	290,245	252,658
Public celebrations and receptions	20,000	14,066	9,344
	7,197,108	7,077,494	6,702,094

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1988

RECREATIONAL AND CULTURAL SERVICES

	Budget 1988 $	Actual 1988 $	Actual 1987 $
Recreational			
Administration	587,300	581,918	566,061
Community centres and halls	713,900	682,449	635,509
Athletics and aquatics	200,300	164,502	172,210
Saint John Aquatic Centre (note 4)	580,000	540,545	525,350
Golf course and driving range	400,413	427,011	320,663
Skating rinks and arenas	1,107,627	1,100,799	1,098,071
Amusement parks	383,600	415,113	352,499
Parks and playgrounds	1,903,900	1,952,682	1,822,959
Major Tournaments Committee			
- World Chess Festival	156,937	622,028	252,685
- Under 16 Soccer	-	-	55,626
- Other	60,000	62,574	52,075
Cultural			
Administration	46,100	43,024	30,403
Museums	41,700	41,700	41,700
Libraries	209,800	209,508	196,310
Cherry Brook Zoo	90,000	90,000	84,000
Band concerts	14,400	15,521	14,737
Grants	677,325	706,354	620,425
	7,173,302	7,655,728	6,841,283

FISCAL SERVICES

Debt charges			
Interest			
Debenture debt	3,590,600	3,570,252	3,780,821
Other debt - net of interest on short term investments	508,200	129,471	43,821
Principal instalments			
Debenture debt	4,756,133	4,756,133	4,631,442
Other long-term debt	273,046	273,047	293,355
Capital projects financed by the Operating Fund			
- City projects	1,675,000	1,750,000	1,059,514
- Other associated entities	-	-	235,486
Other debt charges	52,121	50,452	52,157
Water department - local improvement levies	-	87	1,176
	10,855,100	10,529,442	10,097,772

THE CITY OF SAINT JOHN

WATER & SEWERAGE UTILITY

1988 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN
WATER AND SEWERAGE UTILITY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1988

Coopers
&Lybrand

Coopers &Lybrand

chartered accountants

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Canada E2L 4B9

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a member firm of
Coopers & Lybrand (International)

February 24, 1989

AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF
COMMON COUNCIL OF THE CITY OF SAINT JOHN

We have examined the Operating Fund Balance Sheet and the Capital and Loan Fund Balance Sheet of The City of Saint John Water And Sewerage Utility as at December 31, 1988 and the related Statements of Revenue and Expenses and Equity and Surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The City of Saint John Water And Sewerage Utility as at December 31, 1988 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
J D Craig
H R Tidby
P Whalley
L G Warren

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

OPERATING FUND BALANCE SHEET AS AT DECEMBER 31, 1988

A S S E T S

	1988 $	1987 $
ACCOUNTS RECEIVABLE	1,218,297	1,061,601
DUE FROM WATER AND SEWERAGE UTILITY CAPITAL AND LOAN FUND	1,845,367	932,621
INVENTORY OF MATERIALS AND SUPPLIES, AT THE LOWER OF COST AND REPLACEMENT COST	457,567	455,840
	3,521,231	2,450,062

L I A B I L I T I E S A N D E Q U I T Y

ACCOUNTS PAYABLE AND ACCRUED CHARGES	1,406,807	328,487
INTEREST PAYABLE ON LONG-TERM DEBT	620,840	673,820
DUE TO GENERAL OPERATING FUND	1,406,689	1,515,953
	3,434,336	2,518,260
SURPLUS (DEFICIT)	86,895	(68,198)
	3,521,231	2,450,062

SIGNED ON BEHALF OF THE COUNCIL

_____
Mayor

_____
Chairman
Finance Committee

Coopers &Lybrand

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

OPERATING FUND STATEMENT OF SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988 $	1987 $
(DEFICIT) - BEGINNING OF YEAR	(68,198)	(220,794)
Excess revenue for the year	155,093	152,596
SURPLUS (DEFICIT) - END OF YEAR	86,895	(68,198)

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1988

	Budget 1988 $	Actual 1988 $	Actual 1987 $
REVENUE			
Water rates, flat and metered	5,078,300	5,294,825	4,932,837
Sewerage rates, flat and metered	3,742,515	3,808,043	3,328,507
Water supply for fire protection (note 4)	1,819,820	1,830,325	1,832,641
Storm sewerage charge (note 4)	2,376,171	2,336,803	2,352,597
Interest and surcharge	49,200	(114,556)	78,243
Water and sewer permits	30,000	80,025	44,244
Miscellaneous	10,000	1,367	3,282
	13,106,006	13,236,832	12,572,351
Grant, Environment New Brunswick (note 3)	711,439	711,439	711,439
	13,817,445	13,948,271	13,283,790
EXPENSES			
Water supply			
Purification and treatment	537,100	502,706	442,510
Transmission and distribution	2,081,200	2,216,245	2,350,767
Pumping	668,600	573,503	593,745
Sewage collection and disposal			
Sewage collection system	1,032,000	995,500	951,122
Sewage treatment and disposal	1,243,500	1,369,527	1,169,731
Billing and collection	309,940	301,048	297,397
Administration and general government services (note 4)	1,963,230	1,965,626	1,868,852
Bad debt expense (recoveries)	-	2,382	(2,882)
	7,835,570	7,926,537	7,671,242
EXCESS OF REVENUE OVER EXPENSES BEFORE FISCAL SERVICES	5,981,875	6,021,734	5,612,548
FISCAL SERVICES			
Interest on long-term debt			
Debenture debt	1,928,950	1,947,771	1,878,925
Other long-term interest	711,500	628,842	675,911
Principal instalments			
Debenture debt	2,372,750	2,372,750	2,105,441
Other long-term debt	593,675	593,675	547,675
Capital projects financed from the Operating Fund	-	206,859	-
Interest on short-term debt	375,000	116,744	252,000
	5,981,875	5,866,641	5,459,952
EXCESS REVENUE FOR THE YEAR	-	155,093	152,596

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

CAPITAL AND LOAN FUND BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 1988

A S S E T S

	1988 $	1987 $
FIXED ASSETS (notes 1 and 2)		
Land, buildings, transmission and distribution system, plant and equipment	82,923,101	79,650,940

L I A B I L I T I E S A N D E Q U I T Y

DEBENTURE DEBT (note 2)	16,364,701	16,937,451
OTHER LONG-TERM DEBT (note 2)		
Canada Mortgage and Housing Corporation	2,316,992	2,681,870
Department of Regional Industrial Expansion	5,017,078	5,235,979
Municipal Development and Loan Board	284,028	293,924
	23,982,799	25,149,224
DUE TO WATER AND SEWERAGE UTILITY OPERATING FUND	1,845,367	932,621
DUE TO GENERAL OPERATING FUND	992,564	856,485
EQUITY	56,102,371	52,712,610
	82,923,101	79,650,940

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

CAPITAL AND LOAN FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988 $	1987 $
EQUITY - BEGINNING OF YEAR	52,712,610	49,885,123
Debt repaid during the year by the Utility Operating Fund		
Debenture debt	2,372,750	2,105,441
Canada Mortgage and Housing Corporation	364,878	334,881
Department of Regional Industrial Expansion	218,901	203,402
Municipal Development and Loan Board	9,896	9,392
	55,679,035	52,538,239
Capital projects financed by the Operating Fund	206,859	-
Fixed assets purchased by the Operating Fund	216,477	174,371
EQUITY - END OF YEAR	56,102,371	52,712,610

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

1. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The Water and Sewerage Utility financial statements have been prepared in accordance with the fund basis of accounting. The operating fund reflects the Utility's working capital and results of operations and the capital and loan fund reflects its investment in fixed assets and outstanding long-term debt.

Fixed assets and depreciation

Fixed assets are recorded at cost. Funds received through capital assistance programs, cost sharing arrangements, or loan forgiveness are treated as additions to equity in capital assets.

The Utility does not record depreciation on its fixed assets, but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets.

Accrual accounting

The Utility follows the accrual method of accounting for revenue and expenses.

2. DEBENTURE AND OTHER LONG-TERM DEBT

The aggregate amount of principal payments required on the Utility's long-term debt in each of the next five years is as follows:

	$
1989	3,153,000
1990	3,141,000
1991	3,154,000
1992	3,129,000
1993	2,476,000

Fixed assets include $2,837,931 (1987 - $1,789,106) for which financing has not been arranged at the year end.

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

3. GRANT, ENVIRONMENT NEW BRUNSWICK

The Utility receives annual grants from the Province of New Brunswick to offset financing costs related to the construction of sewage treatment plants. These grants continue for a period which corresponds with the term of the long-term debt issued to finance the construction costs.

The level of assistance will remain at $711,439 until 1989 at which time it will begin to diminish until its eventual elimination in 1995.

4. TRANSACTIONS WITH THE GENERAL OPERATING FUND

The Water and Sewerage Utility operating fund reimburses the general operating fund of The City of Saint John for a portion of the general government operating costs. In addition, a charge is made to the general operating fund for storm sewerage charges and water supply for fire protection.

Coopers &Lybrand

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March 3, 1989

PRIVATE AND CONFIDENTIAL

Mrs. Mary Munford
Common Clerk
City of Saint John
City Hall
P. O. Box 1971
Saint John, N. B.
E2L 4L1

Dear Madam:

We have prepared and now enclose forty copies each of the following financial statements for the year ended December 31, 1988:

The City of Saint John General Fund
The City of Saint John Water and Sewerage Utility

We also enclose one copy of each of the above statements which should be signed by the Mayor and the Chairman of the Finance Committee and the copies returned to us for our files as soon as possible.

Also enclosed is one copy of each statement which is to be used as the master copy for the published City of Saint John financial statements for the year ended December 31, 1988.

Yours very truly,

Coopers & Lybrand

P. Wilshaw/md

Encs.

Resident Partners
L R Coeman
J D Craig
H R Tidby
P Wilshaw
L G Wilson

THE POWER COMMISSION
OF THE CITY OF SAINT JOHN
1988 FINANCIAL STATEMENTS

THE POWER COMMISSION

OF THE CITY OF SAINT JOHN

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

DECEMBER 31, 1988

Thorne Ernst & Whinney

Member of
Ernst & Whinney
International

THE POWER COMMISSION

OF THE CITY OF SAINT JOHN

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

DECEMBER 31, 1988

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Thorne Ernst & Whinney
Chartered Accountants

Harbour Building
133 Prince William Street
Box 2388
Saint John, New Brunswick, Canada
E2L 3V6

(506) 634-1000

AUDITORS' REPORT

To the Commissioners of
The Power Commission of the City of Saint John

We have examined the balance sheet of The Power Commission of the City of Saint John as at December 31, 1988 and the statements of operations and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

February 24, 1989

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

BALANCE SHEET

	December 31 1988	1987
ASSETS		
CURRENT ASSETS		
Cash	$ 111,000	$ 106,500
Accounts receivable (note 1)	5,158,253	4,433,636
Inventories	3,180,068	2,594,515
Prepaid expenses	88,778	100,131
	8,538,099	7,234,782
SPECIAL FUNDS (note 2)	2,346,050	2,139,181
PROPERTY, PLANT AND EQUIPMENT (note 3)		
Land, buildings, plant and equipment	28,635,794	27,133,336
Less accumulated depreciation	14,245,495	13,412,694
	14,390,299	13,720,642
	$25,274,448	$23,094,605

APPROVED BY THE COMMISSION:

_____ Chairman

_____ General Manager

	December 31 1988	1987
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	$ 932,857	$ 304,322
Payable to the New Brunswick Electric Power Commission	5,037,193	4,541,757
Accounts payable and accrued liabilities	830,195	948,275
Customers' deposits	59,419	61,120
Accrued bond interest	28,367	29,618
Principal due within one year on long term debt	371,167	332,917
	7,259,198	6,218,009
LONG TERM DEBT (note 4)	3,045,391	1,933,334
EARNINGS RETAINED AND USED FOR OPERATIONS		
RESERVE FOR CONTINGENCIES (note 2)	1,050,000	1,050,000
RESERVE FOR INDEMNITY INSURANCE (note 2)	600,000	600,000
BALANCE RETAINED, INVESTED IN ASSETS (note 6)	13,319,859	13,293,262
	14,969,859	14,943,262
	$25,274,448	$23,094,605

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	Year ended December 31 1988	1987
Revenue	$50,012,070	$47,415,476
Electrical energy purchased	44,078,592	41,547,066
	5,933,478	5,868,410
Expenses (note 5)		
Operating and maintenance	2,455,935	2,300,291
Commercial administration	1,385,770	1,326,979
General and administration	1,260,033	1,211,542
Plant depreciation	657,400	620,353
Interest on long term debt	300,683	232,118
Taxes	571,510	531,073
	6,631,331	6,222,356
	(697,853)	(353,946)
Other revenue	724,450	623,105
NET REVENUE	26,597	269,159
Retained earnings at beginning of year	14,943,262	14,674,103
RETAINED EARNINGS AT END OF YEAR	$14,969,859	$14,943,262

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1988	1987
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net revenue	$ 26,597	$ 269,159
Depreciation, which does not involve cash	1,141,037	1,057,793
	1,167,634	1,326,952
Changes in non-cash components of operating working capital		
Accounts receivable	(724,617)	31,278
Inventories	(585,553)	(365,011)
Prepaid expenses	11,353	21,871
Accounts payable and accrued liabilities	377,356	154,932
Customers' deposits	(1,701)	5,580
Accrued bond interest	(1,251)	(999)
	243,221	1,174,603
FINANCING		
Increase in long term debt	1,483,224	903,779
Reduction in long term debt	(332,917)	(332,917)
	1,150,307	570,862
INVESTMENTS		
Additions to property, plant and equipment	(1,810,694)	(2,129,115)
Increase in special funds	(206,869)	(172,699)
	(2,017,563)	(2,301,814)
DECREASE IN CASH POSITION	(624,035)	(556,349)
Cash position at beginning of year	(197,822)	358,527
CASH POSITION AT END OF YEAR	$ (821,857)	$ (197,822)
Represented by:		
Cash	$ 111,000	$ 106,500
Bank overdraft	(932,857)	(304,322)
	$ (821,857)	$ (197,822)

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1988

GENERAL

The Power Commission of the City of Saint John is the principal supplier of power to the residential, general and industrial sectors of the City of Saint John.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories consist of construction and maintenance supplies and merchandise, all valued at cost.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of any recoveries. Depreciation is provided, for assets in use, on the straight line basis at the following annual rates:

Buildings	2.5%
Transmitting equipment	3.33% and 4%
Tools, working and office equipment	10% and 20%
Rental equipment	15%
Automotive equipment	15% and 20%

Revenue

Billings to residential, general and industrial customers are rendered monthly on a cyclical basis. Municipal street lighting is billed at the end of each month. The Commission does not accrue revenue in respect of the period from the last cycle billing date to the end of the fiscal period.

The Commission provides discounts to residential, general and industrial customers for prompt payment of billings. The discounts are not recorded until payment is made by the customers.

1. ACCOUNTS RECEIVABLE

	1988	1987
Customer accounts	$4,573,180	$4,094,945
Conservation and Electrical Improvement loans	369,808	-
Home Energy loans	109,906	169,329
Sundry	137,359	229,362
	5,190,253	4,493,636
Less allowance for bad debts	(32,000)	(60,000)
	$5,158,253	$4,433,636

2. SPECIAL FUNDS

The special funds are retained to provide for indemnity insurance and contingencies and are represented by the following assets:

	1988	1987
Cash	$ 161,318	$ 58,570
Accrued interest receivable	55,440	50,919
Investments, at cost (quoted market value 1988, $2,200,959; 1987, $2,116,853)	2,129,292	2,029,692
	$2,346,050	$2,139,181

The interest earned on these funds is reflected in the financial statements as follows:

Reduction of insurance expense	$ 42,522
Included in sundry revenue	198,903
	$ 241,425

3. PROPERTY, PLANT AND EQUIPMENT

	1988			1987
	Cost	Accumulated depreciation	Net	Net
Land, buildings and transmitting equipment	$24,199,132	$12,028,547	$12,170,585	$11,394,438
Construction in progress	451,005	-	451,005	767,630
Tools, working and office equipment	901,283	407,236	494,047	404,523
Rental equipment	2,005,019	1,274,910	730,109	648,414
Automotive equipment	1,079,355	534,802	544,553	505,637
	$28,635,794	$14,245,495	$14,390,299	$13,720,642

4. LONG TERM DEBT

City of Saint John, serial debentures

Interest rate	Maturity date	1988	1987
7.50%	November 1, 1988	$ -	$ 8,750
10.50%	October 1, 1990	133,334	200,001
7.75%	December 1, 1991	112,500	150,000
8.25%	December 15, 1992	50,000	62,500
8.75%	December 15, 1993	37,500	45,000
10.75%	December 1, 1994	300,000	350,000
10.50%	September 1, 1996	400,000	450,000
9.50%	June 15, 1997	900,000	1,000,000
9.50%	June 22, 1998	1,500,000	-
		3,433,334	2,266,251
Less: unamortized bond discount		16,776	-
principal due within one year on long term debt		371,167	332,917
		$ 3,045,391	$ 1,933,334

Principal repayments on long term debt due within each of the next five years are as follows:

1989	$ 371,167
1990	$ 375,167
1991	$ 313,500
1992	$ 282,000
1993	$ 274,500

5. DEPRECIATION

Depreciation for the year amounted to $1,141,037 ($1,057,793 in 1987) and is included in these financial statements as part of the various expense categories.

6. RETAINED EARNINGS

Under the regulations of the Municipalities Act, the Commission is permitted to establish a reserve fund with respect to the financing of capital assets. Transfers to such a fund in any one year may not exceed 7% of gross revenue from the sale of electric power.

The Commission has, as administrative practice, accumulated retained earnings to the extent that the annual increments complied with the 7% guideline. In no year has the amount accumulated exceeded the amount permitted by the regulations.

7. PENSION PLAN

The Commission maintains a defined benefit pension plan which is available to all employees. The plan provides pensions based on years of service and is funded by employee contributions of a fixed percentage of salaries and employer contributions for the balance required to fund accrued pension benefits as determined by actuarial valuation.

An actuarial valuation is performed triannually. The latest valuation on January 1, 1988 indicated fund assets at market value of $17,490,000 and accrued pension benefits accrued to that date of $14,909,000.

The Commission has temporarily reduced its rate of contribution from 8.53% of payroll to 1% effective September 1, 1988. Historically, pension expense has been stated as the actual amount contributed to the fund. Future years' pension expense will exceed 1% of payroll.

Thorne Ernst & Whinney
Chartered Accountants

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AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

The Power Commission of the
City of Saint John
Saint John, N.B.

The audited financial statements of the Commission and our report thereon are presented in the preceding section of this report. The following information is presented for purposes of additional analysis and is not required for a fair presentation of the financial position, results of operations, or changes in the financial position of the Commission. Such information has been subjected to the auditing procedures applied in our examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Thorne Ernst & Whinney

February 24, 1989

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF REVENUE

	Year ended December 31 1988	1987
Lighting and power		
Residential service	$23,411,919	$21,798,392
General and industrial service	30,923,305	29,915,418
Municipal street lighting	808,033	783,352
	55,143,257	52,497,162
Customers' discounts	5,131,187	5,081,686
	$50,012,070	$47,415,476

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF DETAILS OF EXPENSES AND OTHER REVENUE

	Year ended December 31 1988	1987
OPERATING AND MAINTENANCE		
Salaries, wages and related benefits	$1,401,557	$1,320,450
Stores	81,299	73,917
Automotive equipment (including depreciation)	251,547	231,106
Other equipment	116,644	95,540
Substations	1,130	139,720
Poles, towers and fixtures	329,948	201,052
Conductors	124,085	123,310
Line transformers and devices	49,536	29,733
Meters and devices	19,168	8,824
Consumers' premises	643	3,653
Street lighting	80,378	72,986
	$2,455,935	$2,300,291
COMMERCIAL ADMINISTRATION		
Salaries	$1,157,267	$1,078,839
Meter reading supplies	6,694	7,069
Billing and collecting	84,691	69,970
Bad debt provision	109,896	135,043
Business promotion	27,222	36,058
	$1,385,770	$1,326,979

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF DETAILS OF EXPENSES AND OTHER REVENUE (Continued)

	Year ended December 31 1988	1987
GENERAL AND ADMINISTRATION		
Salaries and fees	$ 339,644	$ 363,264
Office supplies	169,375	153,113
Telephone and telegraph	35,687	37,475
Professional services	26,275	21,134
General insurance	10,905	11,154
Unemployment insurance	44,500	43,171
Group insurance	34,118	24,881
Canada Pension	26,015	24,515
Blue Cross	69,915	77,179
Workers' compensation	20,766	19,518
Contributions to employees' pension fund	104,264	145,084
Depreciation of furniture and office equipment	46,058	41,350
Building	216,569	177,852
Miscellaneous	115,942	71,852
	$1,260,033	$1,211,542
OTHER REVENUE		
Interest	$ 288,692	$ 274,448
Interest on customer loans	82,759	33,082
Connection charges	109,984	104,455
Sundry (net of expenses of $414,676, 1987, $388,804)	242,913	211,120
	$ 724,450	$ 623,105

SAINT JOHN TRANSIT COMMISSION

1988 FINANCIAL STATEMENTS

SAINT JOHN TRANSIT COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1988

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

CLARKSON GORDON

Chartered Accountants
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AUDITORS' REPORT

To the Commissioners of
Saint John Transit Commission:

We have examined the balance sheet of Saint John Transit Commission as at December 31, 1988 and the statements of operations and equity and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Saint John, Canada,
February 12, 1989.

Clarkson Gordon
Chartered Accountants

SAINT JOHN TRANSIT COMMISSION

BALANCE SHEET

DECEMBER 31, 1988

	1988	1987
ASSETS		
Current:		
Cash	$ 65,822	$ 20,616
Short-term deposits	100,165	175,000
Accounts receivable (note 2)	85,064	78,818
Inventory of spare parts	159,124	162,521
Prepaid expenses	10,853	17,566
	421,028	454,521
Fixed (note 3)	2,951,377	2,801,150
	$3,372,405	$3,255,671
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable and accrued charges	$ 370,067	$ 392,748
Due to the City of Saint John for underexpenditure of operating subsidy	4,732	15,541
Current portion of long-term debt (note 4)	355,000	308,000
	729,799	716,289
Long-term debt (note 4)	2,558,106	2,454,882
Equity	84,500	84,500
	$3,372,405	$3,255,671

(See accompanying notes)

On behalf of the Commission:

Commissioner

Commissioner

SAINT JOHN TRANSIT COMMISSION

STATEMENT OF OPERATIONS AND EQUITY

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Revenue:		
Fares	$1,760,683	$1,741,406
Senior citizens' subsidy	50,000	50,000
Charter	94,271	94,175
Other	14,429	16,513
Advertising	55,834	32,830
Interest	6,118	10,815
	1,981,335	1,945,739
Expenditures: (schedule 1)		
Transportation	2,173,592	2,153,713
Vehicle maintenance	998,243	937,933
General and administrative	284,768	254,252
	3,456,603	3,345,898
Cost of operations before undernoted items	1,475,268	1,400,159
Long-term debt interest	295,953	289,021
Depreciation	307,817	258,138
	603,770	547,159
Total cost of operations	$2,079,038	$1,947,318
Subsidies from the City of Saint John:		
Operating	$1,475,268	$1,400,159
Interest and debt reduction	603,770	547,159
	$2,079,038	$1,947,318
Equity	$ 84,500	$ 84,500

(See accompanying notes)

SAINT JOHN TRANSIT COMMISSION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Cash provided by (used for):		
Operations:		
Total cost of operations	$(2,079,038)	$(1,947,318)
Less depreciation, a non-cash item	307,817	258,138
Subsidies from the City of Saint John - Operating	1,475,268	1,400,159
Interest on long-term debt	295,953	289,021
Net change in non-cash working capital balances (note 6)	(29,629)	(53,041)
	(29,629)	(53,041)
Financing:		
Repayment of debentures	(226,000)	(183,000)
Repayment of capital leases	(81,817)	(75,138)
Long-term debt subsidy from the City of Saint John	307,817	258,138
Purchase of fixed assets financed by the City of Saint John	458,044	441,290
	458,044	441,290
Investments:		
Capital expenditures	(458,044)	(441,290)
Increase (decrease) in cash and short term deposits	(29,629)	(53,041)
Cash and short term deposits, beginning of year	195,616	248,657
Cash and short term deposits, end of year	$ 165,987	$ 195,616

(See accompanying notes)

SAINT JOHN TRANSIT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Significant accounting policies

(a) Basis of accounting

Saint John Transit Commission follows generally accepted accounting principles, except for depreciation accounting which is discussed in 1(c) below.

(b) City of Saint John

Saint John Transit Commission was established by the City of Saint John to operate the public transit system. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at year end results from the difference between regular monthly payments received from the City and net operating expenditures for the year.

(c) Fixed assets

Asset acquisitions are recorded at cost, less direct funding provided by the Urban Transportation Assistance Program. Depreciation is measured as an amount equal to the annual debt reduction and is charged to operations and credited against asset costs.

(d) Inventory

Inventory of spare parts is carried at cost or replacement cost, whichever is lower. Cost is defined as average laid down cost.

(e) Capital lease obligations

Long-term lease transactions related to the financing of motor vehicles are accounted for as capital leases. The capitalized lease obligations reflect the present value of future rental payments discounted at the interest rate implicit in the lease; a corresponding amount has been capitalized as the cost of the leased assets.

(f) Subsidies

Operating subsidies received from the City of Saint John are recognized as revenue when operating expenditures are incurred.

Subsidies on account of long-term debt retirement are recognized when each year's obligations of Saint John Transit Commission are funded by the City.

(g) Transcard revenue

Transcard receipts are recognized as revenue when sales are made to the public.

2. Accounts receivable

Accounts receivable consist of the following:

	1988	1987
Trade accounts receivable	$59,666	$58,246
Due from the City of Saint John for capital expenditures	25,398	20,572
	$85,064	$78,818

3. Fixed assets

Details of fixed assets are as follows:

	1988	1987
Land	$ 77,470	$ 77,470
Building	2,939,805	2,920,480
Motor vehicles - purchased	2,921,266	2,518,475
- leased	1,294,218	1,294,218
Transportation equipment	103,680	83,700
Office equipment	41,342	40,427
Computer equipment	24,618	23,996
Maintenance equipment	70,596	56,189
Bus shelters and signs	75,535	75,535
	7,458,530	7,090,490
Deduct funding provided by the Urban Transportation Assistance Program	2,600,311	2,600,311
	4,948,219	4,490,179
Less reduction of debt related thereto	1,996,842	1,689,029
	$2,951,377	$2,801,150

4. Long-term debt

Long-term debt represents obligations of the City of Saint John and consists of:

	1988	1987
Long-term debt related to outstanding serial debentures issued by the City of Saint John and allocated to Saint John Transit Commission as follows:		
17 ¾% - March 1, 1992	$ 240,000	$ 300,000
17 ½% - September 2, 1992	310,000	387,500
10 ¾% - 11 ½% - May 16, 1993	42,500	51,000
9% - 10% - December 1, 1996	296,000	333,000
9 ½% - 10 ½% - December 22, 1997	387,000	430,000
10 1/4% - 10½% - November 24, 1998	400,000	
Net cash advances from the City of Saint John against capital and other expenditures	499,330	441,290
Capital lease obligations	738,276	820,092
	2,913,106	2,762,882
Less current portion	355,000	308,000
	$2,558,106	$2,454,882

The long-term debt was incurred by the City of Saint John with respect to capital and other expenditures made on behalf of the Commission. The capital lease obligations were undertaken by the City of Saint John for the acquisition of motor vehicles and were allocated to the Commission.

Annual repayment of long-term debt for debentures and capital leases is as follows:

Year	Debentures	Capital leases	Total
1989	$ 266,000	$ 89,000	$355,000
1990	266,000	96,800	362,800
1991	266,000	105,600	371,600
1992	266,000	115,000	381,000
1993	128,500	128,000	256,500
	1,192,500	534,400	1,726,900
Thereafter	483,000	1,032,862	1,515,862
	$1,675,500	1,567,262	3,242,762
Less imputed interest 8.7%		828,986	828,986
		$ 738,276	$2,413,776

5. Capital lease

The capital lease agreement financed the acquisition of fifteen motor vehicles. Under the terms of the agreement, semi-annual lease payments of $75,712 commenced in September of 1979 and will expire on April 1, 1995, unless certain purchase options have been exercised.

The present value of the minimum lease payments and purchase option and the corresponding amount capitalized as the cost of the assets is as follows:

Total minimum lease payments and purchase option	$2,400,775
Less imputed interest at 8.7%	1,106,557
Present value of minumum lease payments	$1,294,218

6. Net change in non-cash working capital balances

	1988	1987
Increase (decrease) in:		
Trade accounts payable and accrued charges	$(22,681)	$ 71,316
Due to the City of Saint John for underexpenditure of operating subsidy	(10,809)	(77,623)
Decrease (increase) in:		
Accounts receivable	(6,249)	(28,845)
Inventory of spare parts	3,397	(20,451)
Prepaid expenses	6,713	2,562
	$(29,629)	$(53,041)

7. Income tax

The Saint John Transit Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

8. Comparative amounts

Certain of the 1987 accounts have been restated to conform with the presentation adopted for the current year.

SCHEDULE 1

SAINT JOHN TRANSIT COMMISSION

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 1988

	1988	1987
TRANSPORTATION		
Salaries and wages	$1,419,274	$1,398,245
Gas and oil	380,019	364,796
Fringe benefits	212,985	195,839
Fleet insurance	76,393	99,447
Uniforms	16,978	30,702
Safety awards and allowances	19,631	19,206
Tickets and schedules	16,721	15,233
Miscellaneous	20,344	18,480
Parallel transit	11,247	11,765
	$2,173,592	$2,153,713
VEHICLE MAINTENANCE		
Salaries and wages	$ 479,144	$ 454,236
Supplies and parts	248,069	224,213
Fringe benefits	75,099	68,537
Tools and equipment	10,925	12,505
Heat	78,835	86,365
Real estate taxes	43,598	41,723
Building maintenance	34,247	24,538
Miscellaneous	13,371	4,696
Water	6,044	6,745
Miscellaneous supplies	1,986	7,500
Safety awards and allowances	6,925	6,875
	$ 998,243	$ 937,933
GENERAL AND ADMINISTRATIVE		
Salaries	$ 163,560	$ 165,638
Professional fees	10,813	12,340
Postage, stationery and printing	10,944	7,923
Telephone and radio system	11,226	10,038
Insurance	5,863	5,968
Fringe benefits	17,684	15,673
Advertising	35,731	7,553
Travel	10,674	11,707
Board payments	3,250	3,250
Miscellaneous	15,023	14,162
	$ 284,768	$ 254,252

(See accompanying notes)

SAINT JOHN AQUATIC CENTRE COMMISSION

1988 FINANCIAL STATEMENTS

SAINT JOHN AQUATIC CENTER COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1988

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

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AUDITORS' REPORT

To the Commissioners of the
Saint John Aquatic Center Commission:

We have examined the funds' balance sheets of the Saint John Aquatic Center Commission as at December 31, 1988 and the operating fund's statement of operations, the capital fund's statement of revenue, expenditure and unexpended funds and the operating fund's statement of cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Saint John, Canada,
February 8, 1989.

Chartered Accountants

SAINT JOHN AQUATIC CENTER COMMISSION

BALANCE SHEET

DECEMBER 31, 1988

OPERATING FUND

ASSETS

	1988	1987
Cash and term deposits	$115,222	$232,921
Accounts receivable	38,426	48,298
Due from the City of Saint John	109,108	
Inventory	44,241	44,805
Prepaid expenses	10,485	10,543
	$317,482	$336,567

LIABILITIES

Accounts payable and accrued charges	$101,906	$124,231
Unearned revenue	97,007	82,788
Due to the City of Saint John		18,163
Due to Capital Fund	118,569	111,385
	$317,482	$336,567

CAPITAL FUND

ASSETS

Due from Operating Fund	$118,569	$111,385
Fixed assets (note 2)	451,542	408,092
	$570,111	$519,477

EQUITY AND UNEXPENDED FUNDS

Equity in fixed assets	$451,542	$408,092
Unexpended funds	118,569	111,385
	$570,111	$519,477

(See accompanying notes)

On behalf of the Commission:

Commissioner

Commissioner

SAINT JOHN AQUATIC CENTER COMMISSION

OPERATING FUND

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1988

	1988		1987
	Actual	Budget	Actual
Revenue:			
Program activities	$1,116,090	$1,037,890	$ 979,025
Expenses:			
Maintenance	656,166	648,854	598,332
Administration	297,277	287,434	275,861
Program	703,192	681,602	616,669
	1,656,635	1,617,890	1,490,862
Net cost of operations	$ 540,545	$ 580,000	$ 511,837
Subsidy from the City of Saint John	$ 540,545	$ 580,000	$ 511,837

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

CAPITAL FUND

STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS

YEAR ENDED DECMEBER 31, 1988

	1988	1987
Revenue:		
City of Saint John	$ 40,000	$ 25,000
Interest	10,634	9,137
The Saint John 1985 Canada Summer Games Society, Inc.		15,100
Government of Canada		1,500
	50,634	50,737
Expenditure:		
Purchase of fixed assets	43,450	53,989
Net revenue (expenditure) for the year	7,184	(3,252)
Unexpended funds, beginning of year	111,385	114,637
Unexpended funds, end of year	$118,569	$111,385

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

OPERATING FUND

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Cash provided by (used for):		
Operations:		
Net cost of operations	$(540,545)	$(511,837)
Subsidy from the City of Saint John	540,545	511,837
	NIL	NIL
Net change in non-cash working capital balances:		
Accounts receivable	9,872	(33,839)
Due from (to) the City of Saint John	(127,271)	52,213
Inventory	564	3,484
Prepaid expenses	58	(5,112)
Accounts payable and accrued charges	(22,325)	(23,484)
Unearned revenue	14,219	15,649
Due to Capital Fund	7,184	(3,252)
Increase (decrease) in cash and term deposits	(117,699)	5,659
Cash and term deposits, beginning of year	232,921	227,262
Cash and term deposits, end of year	$ 115,222	$ 232,921

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Significant accounting policies

(a) Basis of accounting

The Saint John Aquatic Center Commission follows generally accepted accounting principles, except for depreciation accounting which is discussed in 1(e) below.

(b) City of Saint John

The Saint John Aquatic Center Commission was established by the City of Saint John to operate the Canada Games Aquatic Center. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at the year end results from the difference between regular monthly payments received from the City and net expenditures for the year.

(c) Subsidy

Operating subsidies received from the City of Saint John are recognized as revenue when the operating expenses are incurred.

(d) Inventory

Inventory is recorded at the lower of cost and replacement cost. Cost is defined as laid-down cost, determined on a first-in, first-out basis.

(e) Fixed assets and depreciation

Fixed assets are initially recorded at cost. As these assets are financed by grants no depreciation is recorded.

2. Fixed assets

Fixed assets consist of:

	1988	1987
Administrative	$102,955	$ 93,184
Maintenance	86,686	67,574
Program	100,382	85,815
Pedway	75,562	75,562
Facility improvements	85,957	85,957
	$451,542	$408,092

3. Income tax

The Saint John Aquatic Center Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

SAINT JOHN PARKING COMMISSION

1988 FINANCIAL STATEMENTS

SAINT JOHN PARKING COMMISSION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1988

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

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a member firm of
Coopers & Lybrand (International)

March 17, 1989

AUDITORS' REPORT TO THE MEMBERS OF
SAINT JOHN PARKING COMMISSION

We have examined the balance sheet of the Saint John Parking Commission as at December 31, 1988 and the statements of income and equity, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1988 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
J D Craig
H A Tidby
P Wishaw
L G Watson

SAINT JOHN PARKING COMMISSION

BALANCE SHEET AS AT DECEMBER 31, 1988

A S S E T S

	1988 $	1987 $
CURRENT ASSETS		
Cash	2,885	2,880
Accounts receivable - trade	3,157	11,199
Due from City of Saint John	1,122,957	918,873
Chipman Hill receivable	31,095	34,260
	1,160,094	967,212
PROPERTY AND LEASEHOLD IMPROVEMENTS		
Land, off-street parking lots at cost	193,619	193,619
Parking garage - land and structure (note 3)	5,086,600	5,231,600
Leasehold improvements at cost less accumulated amortization	79,891	99,969
	5,360,110	5,525,188
	6,520,204	6,492,400

L I A B I L I T I E S A N D E Q U I T Y

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	78,234	43,471
Parking permit deposits	3,288	3,165
Rents received in advance	7,891	3,230
Current portion of debenture debt (note 4)	158,000	145,000
	247,413	194,866
DEBENTURE DEBT (note 4)	3,659,000	3,817,000
EQUITY	2,613,791	2,480,534
	6,520,204	6,492,400

APPROVED BY THE COMMISSION

_____
Chairman

Coopers & Lybrand

SAINT JOHN PARKING COMMISSION

STATEMENT OF INCOME AND EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1988

	Budget 1988 $	Actual 1988 $	Actual 1987 $
INCOME			
Parking lot rentals	515,290	616,233	420,829
Chipman Hill rental	539,785	539,785	535,090
	1,055,075	1,156,018	955,919
EXPENSES			
Direct			
Ground rent/leasing costs	66,000	82,443	32,670
Maintenance and repairs	31,000	30,841	22,869
Parking lot supervision	30,000	30,379	28,017
Parking lot attendants	98,000	100,381	66,041
Power	2,760	2,130	1,814
Real estate taxes	96,000	97,802	78,836
Snow removal	24,000	18,391	28,461
Amortization of leasehold improvements	58,800	57,600	18,760
Depreciation	145,000	145,000	133,000
	551,560	564,967	410,468
Administrative			
Advertising	6,000	9,150	3,618
Commission expenses	2,760	3,078	2,674
Office	13,200	25,920	10,748
Postage	3,000	3,480	3,043
Professional fees	6,000	1,460	6,924
Salaries	66,000	66,381	61,271
Telephone	8,100	7,259	4,328
Travel	3,700	3,866	2,994
Miscellaneous	4,560	2,760	2,403
Convention	5,000	4,328	3,312
Debenture interest	394,785	394,785	402,090
Parking study	-	58,155	20,658
	513,105	580,622	524,063
	1,064,665	1,145,589	934,531
INCOME FROM OPERATIONS	(9,590)	10,429	21,388
OTHER INCOME (EXPENSES)			
Interest income	60,000	90,384	70,568
Administrative revenue	20,040	30,465	20,000
Grant revenue	-	-	3,164
Grant expenses	-	-	(4,721)
Gain on sale of land	-	-	5,822
Miscellaneous	-	1,979	8,883
	80,040	122,828	103,716
NET INCOME FOR THE YEAR	70,450	133,257	125,104
EQUITY - BEGINNING OF YEAR	2,480,534	2,480,534	2,355,430
EQUITY - END OF YEAR	2,550,984	2,613,791	2,480,534

SAINT JOHN PARKING COMMISSION

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988 $	1987 $
OPERATING ACTIVITIES		
Net income for the year	133,257	125,104
Items not affecting cash -		
Depreciation	145,000	133,000
Amortization	57,600	18,760
Gain on sale of land	-	(5,822)
	335,857	271,042
Cash provided by (invested in) non-cash working capital:		
Accounts receivable - trade	8,042	(8,169)
Due from City of Saint John	(204,084)	(84,886)
Chipman Hill receivable	3,165	6,555
Accounts payable and accrued liabilities	34,763	(26,634)
Parking permit deposits	123	3,165
Rents received in advance	4,661	(3,400)
	(182,527)	157,673
FINANCING ACTIVITIES		
Repayment of debenture debt	(145,000)	(133,000)
INVESTING ACTIVITIES		
Proceeds from disposal of land	-	41,165
Purchase of land and leasehold improvements	(37,522)	(64,960)
	(37,522)	(23,795)
INCREASE IN CASH DURING YEAR	5	878
CASH - BEGINNING OF YEAR	2,880	2,002
CASH - END OF YEAR	2,885	2,880

SAINT JOHN PARKING COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

1. GENERAL

The Commission is incorporated under an Act of the New Brunswick legislature and its principal activity is the administration and development of parking in the City of Saint John.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation and amortization

The Commission has adopted the policy of recording depreciation on the Parking Garage at an amount equal to the principal payment on long-term debt.

Leasehold improvements to leased parking lots are being amortized on a straight line basis over four or five years depending upon the period of the leases.

3. PARKING GARAGE - LAND AND STRUCTURE

	1988 $	1987 $
Land	1,250,000	1,250,000
Parking garage structure - at cost	4,114,600	4,114,600
Less: Accummulated depreciation	(278,000)	(133,000)
	3,836,600	3,981,600
	5,086,600	5,231,600

In 1977, Brunswick Square Ltd. conveyed land to the Commission on which the Chipman Hill Parking Garage is located subject to the condition that the land always be used for a parking structure. This land is recorded in the accounts of the Commission at an amount estimated to be its fair market value at the time of conveyance from Brunswick Square Ltd.

Effective December 1, 1987, the Commission, Brunswick Square Ltd. and the City of Saint John entered into an agreement whereby the Commission agreed to lease the Chipman Hill Parking Garage to Brunswick Square Ltd. for a period of fifteen years. In addition to paying rent equal to the Commission's interest and capital payments on its debenture debt, Brunswick Square Ltd. has agreed to pay to the Commission one-third of the operating profits of the Parking Garage to a maximum of $895,257. The Commission's share of operating profits for the year ended December 31, 1988 was Nil (1987 - Nil).

Brunswick Square Ltd. has agreed to purchase the Parking Garage on December 1, 2001 at a price of $895,258 less any amounts paid to the Commission out of operating profits as noted above.

SAINT JOHN PARKING COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

4. DEBENTURE DEBT

The amount of principal payments required on debenture debt in each of the next five years is as follows:

	$
1989	158,000
1990	173,000
1991	189,000
1992	208,000
1993	228,000

5. MUNICIPAL GRANT - CITY OF SAINT JOHN

Under the terms of an agreement between the City of Saint John and the Saint John Parking Commission, the City has agreed to give the Commission an annual grant equal to the municipal portion of any property and business taxes levied on the Chipman Hill Parking Garage. Since 1979 the accumulated municipal portion of such taxes is $898,304.

6. LEASE COMMITMENT

The Parking Commission leases the land on which the Station Street Parking Lot is located under a five year agreement expiring on July 1, 1989. Minimum rental payments for each year of the lease are $20,000 with additional rent being payable equal to 60% of the operating profits from the said lot.

SAINT JOHN NON PROFIT HOUSING INCORPORATED

1988 FINANCIAL STATEMENTS

SAINT JOHN NON PROFIT HOUSING INCORPORATED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1988

Coopers
&Lybrand

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a member firm of
Coopers & Lybrand (International)

April 7, 1989

AUDITORS' REPORT TO THE DIRECTORS

We have examined the balance sheet of Saint John Non Profit Housing Incorporated as at December 31, 1988 and the statements of income and operating surplus, reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Saint John Non Profit Housing Incorporated as at December 31, 1988 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
J D Craig
H R Tidby
P Wiehler
L G Wilmot

SAINT JOHN NON PROFIT HOUSING INCORPORATED

BALANCE SHEET AS AT DECEMBER 31, 1988

ASSETS

	1988 $	1987 $
CASH	207,826	231,985
PREPAID EXPENSES	59,471	-
ACCOUNTS RECEIVABLE	62,863	42,163
INTEREST RECEIVABLE	2,951	1,818
	333,111	275,966
RESTRICTED CASH AND DEPOSITS (note 2)	674,854	675,767
DUE FROM CITY OF SAINT JOHN	14,648	42,091
LAND, BUILDINGS AND FIXTURES (notes 3 and 4)	15,208,607	13,819,628
	16,231,220	14,813,452
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED CHARGES	336,989	293,124
LONG-TERM DEBT (note 4)	15,474,295	14,181,752
	15,811,284	14,474,876
SURPLUS AND RESERVES		
OPERATING SURPLUS (DEFICIT)	(7,869)	24,933
REPLACEMENT RESERVE (note 2)	270,698	198,500
SUBSIDY SURPLUS RESERVE (note 2)	124,140	115,143
CARPET REPLACEMENT RESERVE	32,967	-
	419,936	338,576
	16,231,220	14,813,452

SIGNED ON BEHALF OF THE BOARD

_____
Director

_____
Director

Coopers &Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED
SCHEDULE OF INCOME AND OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1988

	1988 Budget $	1988 Actual $	1987 Actual $
REVENUE			
Rentals	1,181,238	1,146,218	1,070,173
Washers and dryers	8,700	9,696	5,874
Interest	11,900	17,576	9,940
	1,201,838	1,173,490	1,085,987
Subsidy - C.M.H.C. (note 5)	1,180,920	1,180,809	1,180,949
- N.B.H.C. (note 5)	331,079	340,831	-
Total Revenue	2,713,837	2,695,130	2,266,936
EXPENSES			
Operating			
Electricity	106,600	83,170	74,226
Masonry	-	32,451	-
Repairs and maintenance	162,200	122,698	112,430
Snow removal	9,300	1,673	4,412
Telephone	16,300	15,359	14,364
Wages and benefits	100,400	99,658	75,206
Garbage removal	10,100	6,740	7,234
Water rates	31,800	22,928	18,282
	436,700	384,677	306,154
Administrative and general			
Administration fees	77,352	76,578	55,000
Professional fees	9,200	14,131	10,299
Depreciation	48,180	51,550	35,106
Insurance	23,400	19,696	9,405
Mortgage interest	1,792,184	1,785,149	1,534,248
Office expense	4,845	2,447	2,219
Bad debt expense	400	-	182
Property taxes	252,435	216,933	156,616
Development costs (note 6)	-	17,799	-
	2,207,996	2,184,283	1,803,075
Total expenses	2,644,696	2,568,960	2,109,229
INCOME BEFORE REPAYMENT OF EXCESS SUBSIDY RECEIVED FROM C.M.H.C. AND N.B.H.C.	69,141	126,170	157,707
EXCESS SUBSIDY RECEIVED FROM C.M.H.C. (note 5)	14,375	59,565	69,822
EXCESS SUBSIDY RECEIVED FROM N.B.H.C. (note 5)	-	18,532	-
NET INCOME FOR THE YEAR	54,766	48,073	87,885
OPERATING SURPLUS - BEGINNING OF YEAR	24,933	24,933	1,423
	79,699	73,006	89,308
Less: Allocation to replacement reserve (note 2)	(85,075)	(80,875)	(64,375)
OPERATING SURPLUS (DEFICIT) - END OF YEAR	(5,376)	(7,869)	24,933

Coopers &Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988						1987
	Rotary Admiral Beatty $	Bicentennial Court $	Harbourside $	South End Projects $	46 - 56 St. James Street $	Total $	Total $
REPLACEMENT RESERVE (note 2)							
Balance - beginning of year	66,937	8,795	122,768	-	-	198,500	113,221
Less: Capital purchases	(38,000)	-	-	-	-	(38,000)	-
Add: Provision for the year	34,800	4,575	25,000	9,500	7,000	80,875	64,375
Interest income for the year	8,024	1,069	20,230	-	-	29,323	20,904
Balance - end of year	71,761	14,439	167,998	9,500	7,000	270,698	198,500
SUBSIDY SURPLUS RESERVE (note 2)							
Balance - beginning of year	60,596	10,190	44,357	-	-	115,143	107,345
Add: Investment income for the year	4,739	796	3,462	-	-	8,997	7,798
Balance - end of year	65,335	10,986	47,819	-	-	124,140	115,143
CARPET REPLACEMENT RESERVE							
Transfer for the year	-	-	32,967	-	-	32,967	-

Coopers & Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1988

	1988 $	1987 $
OPERATING ACTIVITIES		
Provided from operations:		
Net income for the year	48,073	87,885
Items not affecting cash -		
Depreciation	51,550	35,106
	99,623	122,991
Cash provided from (used in) non-cash operating items -		
(Increase) in accounts receivable	(20,700)	(31,231)
(Increase) in interest receivable	(1,133)	(1,548)
(Increase) in prepaid expenses	(59,471)	-
Increase in accounts payable and accrued charges	43,865	42,252
Decrease (increase) in due from City of Saint John	27,443	(27,166)
Transfer to replacement reserve	(80,875)	(64,375)
Excess mortgage funds transferred to restricted cash	(45,475)	-
	(36,723)	40,923
FINANCING ACTIVITIES		
Proceeds from issue of long-term debt -		
North End Projects	1,077,000	-
46-56 St. James Street	675,015	-
South End Projects	-	1,572,550
Advances from (repayment to) City of Saint John -		
Rotary Admiral Beatty Commercial Space	-	292,068
Rotary Admiral Beatty	7,466	-
South End Projects	(60,591)	27,536
46-56 St. James Street	(458,957)	458,957
North End Projects	(56,701)	56,701
Westside Projects	160,861	-
Repayment of long-term debt	(51,550)	(35,106)
	1,292,543	2,372,706
INVESTING ACTIVITIES		
Purchase of fixed assets		
Rotary Admiral Beatty Commercial Space	-	(292,068)
Rotary Admiral Beatty	(7,466)	-
South End Projects	(170,947)	(1,347,536)
46-56 St. James Street	(191,596)	(458,957)
North End Projects	(909,659)	(56,701)
Westside Projects	(160,861)	-
(Increase) in due from City of Saint John	-	(42,091)
Mortgage funds temporarily invested - South End Projects	252,550	(252,550)
- North End Projects	(92,000)	-
	(1,279,979)	(2,449,903)
DECREASE IN CASH	(24,159)	(36,274)
CASH - BEGINNING OF YEAR	231,985	268,259
CASH - END OF YEAR	207,826	231,985

Coopers &Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

1. ACCOUNTING POLICY

Fixed assets and depreciation

Asset additions which are specifically identified as being part of the original project costs and are financed by long-term debt are capitalized. These assets are depreciated at amounts equal to the principal payments on the related long-term debt.

Other asset additions are charged to the appropriate replacement reserve fund to the extent that a reserve fund is available, excess additions are expensed in the year.

2. RESTRICTED CASH AND DEPOSITS

	1988 $	1987 $
Replacement reserve fund		

The terms of an agreement with Canada Mortgage and Housing Corporation (C.M.H.C.) provide for transfers of $4,575 per year for Bicentennial Court (to a maximum of $45,750), $25,000 per year for Harbourside (to a maximum of $250,000), $34,800 per year for Rotary Admiral Beatty (to a maximum of $348,000) and $7,000 per year for 46-56 St. James Street (to a maximum of $70,000), and the terms of an agreement with New Brunswick Housing Corporation (N.B.H.C.) provide for the transfer of $9,500 per year for South End Projects (to a maximum of $95,000) to reserve funds for the future replacement of fixed assets. In 1985, an additional $109,574 was transferred to the Harbourside reserve fund in accordance with an option provided by C.M.H.C and in 1988 an additional $21,013 for South End Projects and $24,462 for 46-56 St. James Street was transferred to the respective reserve funds in accordance with an option provided by N.B.H.C. and C.M.H.C. respectively. These special transfers represent amounts of mortgage financing received in excess of the capital cost of the projects and form part of the maximum transfers to the reserve funds. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C and N.B.H.C. The funds in the account may only be used for the replacement of capital equipment.

Rotary Admiral Beatty	71,761	66,937
Bicentennial Court	14,439	8,795
Harbourside	277,572	232,342
South End Projects	30,513	-
46-56 St. James Street	31,462	-
Carried forward	425,747	308,074

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

2. RESTRICTED CASH AND DEPOSITS (cont'd)

	1988 $	1987 $
Brought forward	425,747	308,074
Subsidy surplus fund		
Under the terms of the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.), excess federal assistance payments received may be retained in a subsidy surplus fund up to a maximum of $500 per unit plus interest thereon. The reserve is to be comprised of monies deposited in a special bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. The interest earned in the fund is to accrue and be maintained in the fund. The agreement provides that up to 10% of any operating surplus, after accumulating the maximum subsidy surplus fund, may be transferred to other projects assisted under this program that are owned by the recipient and require additional assistance.		
Bicentennial Court	10,986	10,190
Rotary Admiral Beatty	65,335	60,596
Harbourside	47,819	44,357
Mortgage funds temporarily invested	92,000	252,550
Carpet replacement reserve fund	32,967	-
	674,854	675,767

3. LAND, BUILDINGS AND FIXTURES

	1988 $	1987 $
COST		
Rotary Admiral Beatty (net of donations of $350,000 from the Rotary Club and $167,706 from the City of Saint John)	6,175,833	6,168,367
Bicentennial Court	1,011,539	1,011,539
Harbourside	4,814,011	4,814,011
South End Projects	1,551,538	1,380,591
46-56 St. James Street	650,553	458,957
North End Projects	966,360	56,701
Westside Projects	160,861	-
	15,330,695	13,890,166
ACCUMULATED DEPRECIATION	122,088	70,538
	15,208,607	13,819,628

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

4. LONG-TERM DEBT

	1988 $	1987 $
Metropolitan Trust Company of Canada, 11% mortgage payable in monthly instalments of $14,436 including interest, maturing December 1, 1992, amortized to December 1, 2022. This mortgage is secured by the assets of the South End Projects and a general assignment of rentals.	1,568,260	1,572,550
Morguard Investments Limited, 12 1/4% mortgage payable in monthly instalments of $9,954 including interest, maturing April 1, 1991, amortized to April 1, 2021. The interest rate is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. This mortgage is secured by the assets of Bicentennial Court and a general assignment of rentals.	978,308	980,707
Canada Trust, 11 3/4% mortgage payable in monthly instalments of $57,231 including interest, maturing April 1, 1991, amortized to April 1, 2021. The interest rate on this amount is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. The mortgage is secured by the Rotary Admiral Beatty complex.	5,819,458	5,837,509
CIBC Mortgage Corporation, 15 1/4% mortgage payable in monthly instalments of $61,027 including interest, maturing August 1, 1989, amortized to August 1, 2019. The interest rate on this amount is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. This mortgage is secured by Harbourside, the related airspace lease and a general assignment of rentals.	4,897,850	4,905,317
Bank of Nova Scotia, 11.5% mortgage payable in monthly instalments of $6,448 including interest maturing February 1, 1993, amortized to February 1, 2024. This mortgage is secured by St. James complex, general assignment of rentals and a chattel mortgage on appliances.	673,672	-
Carried forward	13,937,548	13,296,083

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

4. LONG-TERM DEBT (Con't)

	1988 $	1987 $
Brought forward	13,937,548	13,296,083
CIBC Mortgage Corporation, 12% mortgage payable in monthly instalments of $10,691 including interest maturing January 1, 1994, amortized to January 1, 2024. This mortgage is secured by North End Projects.	1,077,000	-
The City of Saint John - General Fund, with interest at the City's current rate from time to time. It is expected that final long-term financing will be arranged in 1989:		
Rotary Admiral Beatty Commercial Space	264,003	282,003
Rotary Admiral Beatty	7,466	-
Bicentennial Court project	27,417	27,417
South End projects	-	60,591
46-56 St. James Street	-	458,957
North End projects	-	56,701
Westside projects	160,861	-
	15,474,295	14,181,752

Estimated principal repayments over each of the next five years are as follows:

	$
1989	58,000
1990	63,500
1991	69,500
1992	76,000
1993	83,500

5. SUBSIDY

Paragraph 4(b) of Section 56.1 of the National Housing Act states that should the assistance paid in any year exceed the actual assistance required, as established by C.M.H.C. and N.B.H.C. upon receipt of the annual project data report and financial statements of the recipient, the excess will be refunded by the recipient at the time the annual project data report is submitted. Revenue for the current year has been reduced by $59,565 (1987 - $69,822) and $18,532 (1987 - Nil) from C.M.H.C. and N.B.H.C. respectively.

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1988

6. DEVELOPMENT COSTS

Expenses incurred of $17,799 for the development of two projects (86 - 2/3), which did not proceed to the construction stage, have been included as expenses for the year. The company is seeking permission to finance these expenses from replacement reserves.

THE MARKET SQUARE CORPORATION

1988 FINANCIAL STATEMENTS

THE MARKET SQUARE CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 1988

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
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AUDITORS' REPORT

To the Board of Directors of
The Market Square Corporation:

We have examined the balance sheet of The Market Square Corporation as at December 31, 1988 and the statements of operations, contributed equity and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Saint John, Canada,
January 20, 1989.

Clarkson Gordon
Chartered Accountants

THE MARKET SQUARE CORPORATION
(Incorporated under the laws of New Brunswick)

BALANCE SHEET

DECEMBER 31, 1988

	1988	1987
ASSETS		
Fixed (note 2)	$56,474,708	$56,474,708
Cash	134,725	126,558
Certificates of deposit	95,181	299,991
Accounts receivable (note 3)	221,975	260,488
	$56,926,589	$57,161,745
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities (note 4)	$ 200,920	$ 450,150
Holdbacks payable	37,600	23,526
	238,520	473,676
Equity:		
Capital -		
Authorized in the amount of $1,000	1,000	1,000
Contributed equity	56,687,069	56,687,069
	56,688,069	56,688,069
	$56,926,589	$57,161,745

(See accompanying notes)

On behalf of the Board:

Director

Director

THE MARKET SQUARE CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Revenue:		
Management fees	$115,383	$ 98,531
Investment income	28,339	25,601
Rental income		4,029
	143,722	128,161
Expenses:		
Salaries and benefits	196,844	185,397
Outside services	41,894	46,860
Insurance	54,437	59,074
Office supplies	15,989	27,120
Maintenance	17,282	17,679
Directors' fees	9,300	14,200
Property rental		(7,500)
Miscellaneous	2,638	3,755
Travel and promotion	2,251	2,085
	340,635	348,070
Net operating expenses	196,913	219,909
Operating grant, City of Saint John	196,913	213,000
Net loss	$ Nil	$ 6,909

(See accompanying notes)

THE MARKET SQUARE CORPORATION

STATEMENT OF CONTRIBUTED EQUITY

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Balance, beginning of year	$56,687,069	$56,683,187
Add Governmental funding		10,791
Deduct net loss		(6,909)
Balance, end of year	$56,687,069	$56,687,069

(See accompanying notes)

THE MARKET SQUARE CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Cash provided by (used for):		
Operations -		
Net loss		$ (6,909)
Changes in non-cash balances related to operations:		
Accounts receivable	$ 38,513	(65,565)
Accounts payable and accrued liabilities	(249,230)	227,203
Holdbacks payable	14,074	10,072
	(196,643)	164,801
Investments -		
Additions to fixed assets		(10,791)
Financing -		
Increase in contributed equity		10,791
Net increase (decrease) in cash and certificates of deposit	(196,643)	164,801
Cash and certificates of deposit at the beginning of year	426,549	261,748
Cash and certificates of deposit at the end of year	$ 229,906	$426,549

(See accompanying notes)

THE MARKET SQUARE CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Significant accounting policies

(a) Contributed equity

The corporation was established to develop and promote the revitalization of the City Centre District.

It is responsible to oversee the public interest in the Market Square Project. The three levels of government agreed to fund, or make certain fixed contributions to the cost of this development, with the responsibilities for the amounts and extent of funding for each party outlined in the Master Agreement and amendments thereto. This funding is recorded in the accounts as contributed equity.

Pursuant to an agreement with the City of Saint John, the corporation is also responsible for developing and managing the rehabilitation of the City Market. Funding for the project is being raised from the three levels of Government. As expenditures are incurred, they are recovered from the three levels of Government in accordance with various funding arrangements. Since the Corporation is acting only as a project manager, the capital expenditures are not reflected in these financial statements.

The Corporation was commissioned by the Government of Canada and the Province of New Brunswick to carry out a study on the Imperial Theatre Renovations. Funding for the study was provided under the Canada - New Brunswick Economic Regional Development Agreement. Expenditures incurred to complete the study were recovered through the funding agreement and, therefore, are not reflected in these financial statements.

(b) Capitalization policy

Fixed assets include all construction costs incurred by the Corporation in the performance of its work, construction contributions under the construcion agreements, and all carrying costs such as interest, property taxes and operating expenses incurred by the Corporation to the completion of the various components.

The City of Saint John conveyed the Market Square land sites to the Corporation in trust, subject to the covenants and conditions set out in the agreements. The land is recorded in the accounts as the gross cost of acquisition and site preparation.

(c) Depreciation

In common with municipal corporations, depreciation is not recorded on fixed assets.

(d) Rental income

Rental income due on the hotel premises is to be deferred until 1990. The income will be reported on a cash basis upon receipt.

(e) Grants

The City of Saint John provides an operating grant to the Corporation to a maximum of the budgeted net day to day operating expenses. This grant is recorded as revenue as operating expenses are incurred.

2. Fixed assets

Fixed assets consist of the following:

	1988	1987
Land	$ 6,485,214	$ 6,485,214
Parking garage	11,772,463	11,772,463
Trade Centre	8,757,007	8,757,007
Interior circulation space	8,495,370	8,495,370
Hotel	8,395,326	8,395,326
Library	6,688,798	6,688,798
Site containment	5,186,783	5,186,783
Residential Park	366,028	366,028
Truck dock	201,073	201,073
Historic Village	126,646	126,646
	$56,474,708	$56,474,708

3. Accounts receivable

Accounts receivable are comprised of the following:

	1988	1987
City of Saint John	$ 64,512	$166,859
Trade	157,463	93,629
	$221,975	$260,488

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	1988	1987
City of Saint John	$ 58,759	$ 58,473
Accrued liabilities	15,506	8,669
Rehabilitation of the City Market	57,237	368,295
Trade	69,417	14,713
	$200,920	$450,150

5. Lease and management agreements

The Central Building Complex is leased by the Corporation under a Head Lease which expires in 2049. Under the Head Lease, rent for the retail, commercial and office premises is on a percentage rent basis while basic rent is payable with respect to the hotel premises. There is no rent payable for the public sector components of the Central Building Complex.

The housing components are governed by separate leases. Basic rent is payable on the private sector housing while no rent is payable by the public sector.

Expenditures of $1,148,124 were incurred by the Corporation and recovered in 1988 for the rehabilitation of the City Market. The Corporation also received a management fee of $57,406 for its services provided during the year.

Expenditures of $92,025 were incurred by the Corporation and recovered in 1988 for the study on the Imperial Theatre Renovations. In addition, the Corporation received a management fee of $57,975 for its services provided during the study.

The Market Square Parking Facility is operated by Canpark Services Ltd. pursuant to a management agreement which expired in December, 1988 and which was renewed for a further three years. Net revenues of $746,131 were received by the Corporation and remitted to the City in 1988 ($621,111 in 1987).

6. Income taxes

The Corporation is wholly-owned by the City of Saint John and as a result qualifies as a municipal Corporation under the Income Tax Act.

Accordingly, the Corporation is exempt from income taxes.

SAINT JOHN INDUSTRIAL PARKS

1988 FINANCIAL STATEMENTS

SAINT JOHN INDUSTRIAL PARKS LTD.

SAINT JOHN, NEW BRUNSWICK

FINANCIAL STATEMENTS

DECEMBER 31, 1988

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AUDITORS' REPORT

To the Shareholders of Saint John Industrial Parks Ltd.

We have examined the balance sheet of Saint John Industrial Parks Ltd. as at December 31, 1988 and the statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1988 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saint John, New Brunswick
March 6, 1989

Doane Raymond
Chartered Accountants

SAINT JOHN INDUSTRIAL PARKS LTD.

BALANCE SHEET

DECEMBER 31, 1988

ASSETS

	1988	1987
Current		
Cash	$ 5,146	$ 5,455
Term deposit	60,000	60,000
Interest receivable	3,463	2,879
	$68,609	$68,334

LIABILITIES

Current		
Accounts payable and accrued charges	$ 3,245	$ 2,725

SHAREHOLDERS' EQUITY

Capital stock		
Authorized and issued		
1,000 common shares with par value of $1 each	1,000	1,000
Retained earnings	64,364	64,609
	65,364	65,609
	$68,609	$68,334

ON BEHALF OF THE BOARD

_____ Director

_____ Director

SAINT JOHN INDUSTRIAL PARKS LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Income		
Interest	$ 5,508	$ 4,772
Sale of property (Note 1)	-	3,000
	5,508	7,772
Expenses		
Grants (Note 2)	5,150	4,642
Legal and audit	415	400
Miscellaneous	188	186
	5,753	5,228
Net income (loss) for the year	(245)	2,544
Retained earnings, beginning of year	64,609	62,065
Retained earnings, end of year	$64,364	$64,609

SAINT JOHN INDUSTRIAL PARKS LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Sale of property

All costs relating to land owned by the company had previously been written off. The company had retained some land for easement purposes and a portion of this was sold in 1987.

2. Landscaping

The company has agreed to transfer annual interest earnings to the Saint John Fundy Region Development Commission for a maintenance program of all industrial parks in The City of Saint John.

THE CITY OF SAINT JOHN PENSION FUND

1988 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN

SAINT JOHN, NEW BRUNSWICK

PENSION FUND

FINANCIAL STATEMENTS

DECEMBER 31, 1988

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AUDITORS' REPORT

To the Board of Trustees, The City of Saint John -
Pension Fund, Saint John, New Brunswick

We have examined the statement of assets available for benefits of The City of Saint John - Pension Fund as at December 31, 1988 and the statement of changes in assets available for benefits for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the assets under the control of the Trustees of The City of Saint John - Pension Fund as at December 31, 1988 and the changes in its assets available for benefits for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saint John, New Brunswick
February 7, 1989

Doane Raymond
Chartered Accountants

THE CITY OF SAINT JOHN

PENSION FUND

STATEMENT OF ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1988

	1988	1987
Cash and short term investments	$ 8,327,333	$ 9,065,114
Receivables		
Due from The City of Saint John	238,534	317,497
Accrued interest and dividends	1,235,024	985,221
Investments, at cost		
Bonds (market value 1988 - $40,693,731; 1987 - $38,316,256)	41,323,958	38,640,102
Stocks (market value 1988 - $37,390,044; 1987 - $31,491,905)	30,054,057	26,589,666
Mortgages	123,750	437,257
	$81,302,656	$76,034,857

ON BEHALF OF THE BOARD

_____ Trustee

_____ Trustee

THE CITY OF SAINT JOHN

PENSION FUND

STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 1988

	1988	1987
Increase		
Contributions		
The City of Saint John	$ 2,221,996	$ 2,019,633
Employees	2,762,361	2,537,015
	4,984,357	4,556,648
Interest and dividend income	5,904,201	5,590,115
Gain (loss) on sale of investments	(508,858)	3,209,608
	10,379,700	13,356,371
Decrease		
Pensions paid	4,686,052	4,141,919
Contributions and interest refunded to participants	189,333	155,144
Administrative expenses	236,516	268,837
	5,111,901	4,565,900
Net increase in assets available for benefits	5,267,799	8,790,471
Assets available for benefits, beginning of year	76,034,857	67,244,386
Assets available for benefits, end of year	$81,302,656	$76,034,857

THE CITY OF SAINT JOHN

PENSION FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1988

1. Summary of significant accounting policies

(a) Basis of presentation

These financial statements show only the position of the assets under the control of the Trustees, and do not purport to show the adequacy of the Fund to meet the obligations of the Pension Plan.

(b) Basis of accounting

The accounts of the Fund are maintained on the accrual basis of accounting. Accordingly, dividend and interest income is accounted for as earned rather than when received.

(c) Investments

The assets of the plan are held by the Royal Trust Corporation of Canada which acts as custodian of the plan. The assets of the plan are managed by Jarislowsky, Fraser & Company Ltd. who have discretionary investment authority.

2. Actuarial valuation

Eastern Canada Consulting Services Ltd. conducted an actuarial valuation of the Fund as of December 31, 1986. The valuation indicated that the present value of accumulated plan benefits was $125,249,000 and the net assets available to provide benefits, at adjusted market values, were $118,229,000 as of December 31, 1986. The actuary recommended that the resulting unfunded liability of $7,020,000 be liquidated by annual payments of not less than $764,000 over a period not to exceed fifteen years.

The significant actuarial assumptions adopted for purposes of the report were as follows:

(a) A long term real rate of investment return (i.e. the difference between the actual rate of return and inflation) of 3.5% per annum.

(b) A differential of 1.5% between long term investment rates of return and the future rate of salary increases.

(c) 6% increase in yearly maximum pensionable earnings.

(d) Assumed retirement age of 60 years.

(e) Assets adjusted to market values as follows:

1) Fixed income assets at market value.

2) Common stocks on the basis of market value less a reserve against future fluctuations equivalent to 20% of the excess of market value over book value.

2. Actuarial valuation (cont'd)

The valuation method adopted was the "projected benefit method" under which the liabilities include those in respect of benefits for service already rendered, as well as those for future services expected to be rendered by present members of the plan. Similarly, assets include those presently held, as well as the present value of future normal employee and employer contributions.

Eastern Canada Consulting Services Ltd. conducted an intervaluation estimate as of December 31, 1987. The intervaluation indicated that the unfunded liability at December 31, 1987 was $11,387,000. The increase from the estimate as of December 31, 1986 is due to the following factors:

Investment return being less than anticipated
Increase in disability retirements
Interest on unfunded amount as at December 31, 1986

THE CITY OF SAINT JOHN

PENSION FUND

SCHEDULE OF ADMINISTRATIVE EXPENSES

DECEMBER 31, 1988

	1988	1987
Investment management fees	$145,032	$142,872
Custodian fees	42,750	42,502
Actuarial services	15,603	22,154
Performance measurement services	5,300	5,100
Legal fees	7,052	37,203
Audit fees	6,305	8,275
Conference and seminar expenses	10,174	7,688
Medical fees	3,021	2,450
Miscellaneous	1,279	593
	$236,516	$268,837